



Daily Report

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CONTENTS

27 May 1988

INTERNATIONAL AFFAIRS

General

Reagan, Gorbachev To Discuss Regional Conflicts	1
XINHUA 'Backgrounder' on Summit	1
RENMIN RIBAO Views Summit [27 May]	2
Reagan Sees Progress in U.S.-USSR Dialogue	3
Reagan Says Summit Will Spur START Talks	3
USSR Official Cites Progress in Arms Talks	3
World Food Program To Help Tibet Project	3
Beijing Benefit Planned for Venice, Great Wall	4
EC-CEMA Accord Hailed as 'Major Step'	4

United States & Canada

Li Peng Meets U.S. Physicist	5
U.S. Urges SRV Withdrawal From Cambodia	5
U.S. Senate To Ratify INF Treaty by Weekend	5
U.S. Clarifies Negotiations With Noriega	6
U.S. Negotiations with Noriega Fail	6

Northeast Asia

DPRK Ambassador Holds 'Press Conference' [RENMIN RIBAO 27 May]	7
DPRK accuses U.S. of Smear Campaign in UN	7
Japan Plans 1989 Military Buildup	7

Southeast Asia & Pacific

SRV 'Stepping Up' Spratly Deployment [RENMIN RIBAO 25 May]	8
China Sends Fleet To Patrol Nansha Islands [Hong Kong TA KUNG PAO 26 May]	8
JIEFANGJUN BAO Views Spratlys PLA Fleet [19 May]	9
SRV Refuses To Talk With Sihanouk	9
SRV Announces Troop Withdrawal From Cambodia	10
SRV Foreign Minister's Remarks on Economy Refuted [RENMIN RIBAO 21 May]	10
Prem Says SRV Pullout Key to Cambodia Issue	10
Wu Xueqian Meets Burmese Deputy Prime Minister	11

Near East & South Asia

RENMIN RIBAO on Egyptian-Soviet Relations [22 May]	11
Israeli Consular Delegation To Visit Moscow	12
USSR Sets Up New Afghan Security Posts	12

West Europe

Yang Shangkun Receives New UK Ambassador	12
NPC Vice-Chairman Meets FRG Legislators	13

East Europe

CSSR's General Secretary Jakes' Visit Concludes	13
Zhao Ziyang's 23 May Speech [Prague RUDE PRAVO 24 May]	13

Meeting With Deng Xiaoping [RENMIN RIBAO 26 May]	14
Jakes Tours Factories	14
Tours Nanjing	14
Seen Off by Yao Yilin	15
Hu Qili Meets GDR Party Delegation	15

Latin America & Caribbean

Argentine Embassy Marks Revolution Anniversary	15
Yan Jici Meets Surinamese Delegation	15

NATIONAL AFFAIRS

Wuhan Hosts National Symposium on Socialism	16
Understanding of Capitalism Seen as 'Necessary' [SHIJIE JINGJI DAOBAO 2 May]	16
Zhao Ziyang, Others Mourn Jiang Nanxiang Passing	17
Li Peng Commends Geological Workers	17
Wu Xueqian, Xi Zhongxun at Beijing Hotel Fete	18
Problems Caused by Price Reform Discussed	18
'News Commentary'	18
Called 'Formidable Barrier'	18
Article Comments on Ownership System Reform [GUANGMING RIBAO 5 May]	19
Economist Gives Warning About Inflation Policy [RENMIN RIBAO 13 May]	22
Economic Information Network Links Nation [CHINA DAILY 24 May]	24
Legal System Helps Boost Foreign Investment	24
'Courtyard' Economy Benefits Farmers	25
Commentator Views Coastal Development Strategy [RENMIN RIBAO 23 May]	25
Chen Junsheng on Developing East Coast	26
Coastal Cities May Allow Foreign Bank Operations	27
Chang Jiang Harnessing Plan Revised	27
Construction Bank Expands International Business	28
Second Large Bank To Deal in Foreign Currencies	28
Shareholding System Bank Established in Hainan	28
Development of Shipbuilding Industry Reported	29
Private High-Tech Companies Prosper	29
Aerospace Products Set for International Sale	30
Commentator on Sense of Army Reform [JIEFANGJUN BAO 14 May]	30
Small, Fast Artillery Command System Developed	32
Judicial Organs Face Problems in Handling Cases [Hong KONG TA KUNG PAO 22 May]	32
Study Shows Manpower Training 'Seriously Wasted'	32
Article Views Reform, Solution to Grain Problem [NONGMIN RIBAO 10 May]	33
Survey Reveals City Dwellers' Problems	33
Nanchong 'Tranquil Again' After Soccer Riot	34
135 Injured [AFP]	34
Auditing Offices Set Up in Ministries	35
Communications Minister on Developing Transport	35
Universities To Engage in Hi-Tech Industries	35
School Admission Irregularities Made Punishable	36
New Rules Issued To Ease Pupils Workload	36
BEIJING DAILY Urges Students To Live Simply	37
Gold Deposit With 'Rich Reserve' Found in Yunnan	37

REGIONAL AFFAIRS

East Region

Shanghai Fulfills Part of Financial Income Target	38
Zhejiang's Shen Zulun on Joint Technological Zone	38
Zhejiang Women's Congress Discusses Issues	38

Central-South Region

Guangdong Secretary Delivers Work Report [Hong Kong TA KUNG PAO 23 May]	38
N. Guangdong Rainstorms Cause Heavy Flooding	40
Shenzhen Holds Second Land Use Auction	40
Official Speaks on Hainan's Land Prices	40
Henan Meeting on Nonstaple Food Subsidies	41
Henan To Build Major Aluminum Base	42
Hubei Party Committee Meets To Discuss Criticisms	42
Hubei Governor Addresses Government Meeting	43

North Region

Beijing To Enjoy Coastal Open Policy Benefits	43
Beijing Holds Seventh KMT Members' Congress [BEIJING RIBAO 11 May]	44
Congress Ends [BEIJING RIBAO 14 May]	44
Beijing Mayor Chen Urges Clean Government	45
Inner Mongolia Expands Crop-Growing Acreage [DONGBEI JINGJIBAO 3 May]	45
Shanxi Party Official Discusses Political Reform [SHANXI RIBAO 3 May]	45
Shanxi Public Health 'Army' Improves Lives	48
Tianjin Secretary at Reception for Combat Heroes	49

Northeast Region

Heilongjiang Secretary at Party Work Conference	49
Heilongjiang Vice Governor Inspects Suifenhe	50
Heilongjiang City Residents Support Price Rises	50
Jilin Discipline Commission Holds Session	50
Jilin Advisory Commission Elects Officials	51
DPRK Provincial Delegation Visits Jilin	51
Liaoning's Quan Shuren on Foreign Trade [LIAONING RIBAO 6 May]	51
Liaoning Capital Improves Investment Conditions	53

Northwest Region

Many Ningxia Congress Deputies Unqualified	53
Shaanxi Holds Seventh People's Congress Session	53
Governor Gives Report	53
'Sense of Crisis'	54
Discusses Election Problems	55
Xinjiang Leader Addresses Islamic Congress	55

PRC MEDIA ON TAIWAN AFFAIRS

Verdict on Businessmen With PRC Ties 'Severe'	56
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HONG KONG & MACAO

Hong Kong

PRC Businessmen Criticized For Corruption [HONGKONG STANDARD 27 May]	57
Legco Invited To Air Basic Law Views [SOUTH CHINA MORNING POST 27 May]	58
Revision of Basic Law Opinion Clauses Urged	59
Memorial Service Held for TA KUNG PAO Publisher [XINHUA]	59
Bond Sells Properties, Shows 'Short-Term Outlook' [SOUTH CHINA MORNING POST 27 May]	60

General

Reagan, Gorbachev To Discuss Regional Conflicts
OW2605130588 Beijing XINHUA in English
0930 GMT 26 May 88

["News Analysis: Regional Conflicts To Be on Summit Agenda (by Tang Tianri)"]—XINHUA headline]

[Text] Beijing, May 26 (XINHUA)—Regional conflict issues will be one of the most important topics on the agenda of the forthcoming summit talks between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Moscow from May 29 to June 2.

To prepare for the summit, Washington and Moscow recently set off frequent diplomatic activities to explore possibilities of finding political solutions to regional conflicts which are linked to direct or indirect superpower interference.

Although the Soviet Union has already begun withdrawing its troops from Afghanistan, the Afghan problem will still be discussed at the Moscow summit because both superpowers have said they will provide "symmetrical" military assistance to the side they support in the Central Asian war.

Solving the Southern African question has been already put on the summit agenda. The United States and the Soviet Union believe that a political solution to conflicts in this region has brighter prospect than in other areas of the world.

Angola was the topic of a Washington meeting between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz in March and of a London consultation and of a Lisbon dialogue between the superpowers' deputy foreign ministers in April and in May respectively.

Propelled by Moscow and Washington, representatives from Angola, Cuba, South Africa and the United States met for the first time in London on May 3-4. Cuba conditionally agreed to withdraw its troops from Angola and South Africa agreed to withdraw its troops from the South Africa-Angola border area and accept United Nations Resolution 435, which calls for the independence of Namibia.

The four sides in the Angolan dispute also agreed to meet again after the Soviet-U.S. summit, which can serve as a new impetus to the progress of negotiations on the issue.

After the Geneva agreement on a political solution to the Afghan issue was signed in April, it was quite natural that worldwide attention would be focused on the Kampuchean issue. Many countries are convinced that Moscow can force Hanoi to withdraw its troops from Kampuchea by halting financial aid to Vietnam. But Moscow

has attempted to evade its responsibility by saying that Vietnam is a sovereign state and the Soviet Union can not impose a proposal on it.

However, Soviet Deputy Foreign Minister Igor Rogachev recently visited Southeast Asia. He then flew to London to meet with U.S. Assistant Secretary of State Gaston Sigur. Thai Prime Minister Prem Tinsulanon paid his first visit to Moscow from May 16-22. All these diplomatic activities are focused on discussing Kampuchea.

Solving conflicts in the Middle East and Central America are proving to be very difficult. Conflicts in these areas have been on the agenda of almost every Soviet-U.S. discussion before the Moscow summit.

On the Middle East, the two superpowers have come closer in some of their views. But they also differ a lot on the convening of an international conference. Moscow proposes holding a United Nations-sponsored conference capable of providing some solutions to the Middle-East problems. Washington insists on holding a "symbolic" conference which only paves the way for direct dialogue between Israel and the Arab nations.

On the Central American issue, Soviet Leader Gorbachev said in a recent letter to Costa Rica President Oscar Arias Sanchez that the Soviet Union will stop arms shipments to the Nicaraguan Government on condition that Washington stops shipping arms to the resistance forces. But Washington claims that it will increase its military aid to prevent Nicaragua from becoming a military base for the Soviet Union.

It is hoped the forthcoming Moscow summit will promote the progress of political solutions to regional conflicts. However, as these conflicts have complicated causes and background, their political solutions are only possible when the superpowers stop their interference and all parties concerned seriously sit down at negotiation tables.

XINHUA 'Backgrounder' on Summit
OW2705015488 Beijing XINHUA in English
0126 GMT 27 May 88

["Backgrounder: Fourth U.S.-Soviet Summit"]—XINHUA headline]

[Text] Beijing, May 27 (XINHUA)—U.S. President Ronald Reagan's journey to Moscow May 29 for talks with Soviet leader Mikhail Gorbachev marks the fourth summit meeting between the two leaders in four years.

Reagan and Gorbachev met in Geneva in November 1985, in Reykjavik in October 1986, and in Washington in December 1987.

During the Washington summit, the Soviet Union and the United States worked out the first genuine nuclear arms reduction agreement—the intermediate nuclear

forces (INF) treaty—and announced that at the forthcoming Moscow summit they would strive to produce a new treaty to reduce 50 percent of the strategic offensive nuclear arms from both their arsenals.

To prepare for this, Soviet and U.S. negotiators held nine rounds of talks in Geneva, and the foreign ministers from the two countries held four meetings. Ultimately, however, the superpowers were unable to reconcile their views on a number of issues, and their spokesman had to concede that such a treaty is not likely to be produced at the Moscow summit.

Nevertheless, nuclear arms reduction is still to be one of the principal topics at the Moscow summit. It is predicted that the two sides will still turn out the following three protocols:

They will promise scrupulously to observe, during a period of time to be specified, the 1972 Anti-ballistic Missile Treaty; they will restate the 1976 U.S.-Soviet treaty on underground peaceful nuclear explosions, and they will work out supplementary provisions for verification measures for the 1974 treaty on limitation of underground nuclear weapons tests.

The two sides are also expected to exchange views and to seek progress on a total ban of chemical weapons and the reduction of conventional arms during the summit.

Regional problems in South Africa, the Middle East, the Persian Gulf, Central America and other areas are also expected to be discussed, and again it is possible that the two sides, proceeding from their own necessity, will reach tacit understanding on some of these issues, and give impetus to political settlements.

On U.S.-Soviet relations, according to information previously disclosed, the two countries will sign agreements on cooperation in science and technology research, on transportation, cultural exchanges and maritime matters.

It is estimated that the Moscow summit will further improve ties between the two countries, and their negotiators are also expected to hold broad discussions on "human rights" issues.

RENMIN RIBAO Views Summit

HK2705105088 Beijing RENMIN RIBAO in Chinese
27 May 88 p 6

[Article by Sai Bei (1049 0554): "On the Eve of the Moscow Meeting"]

[Text] The U.S.-Soviet Moscow summit is to occur soon. It has been disclosed that at the meeting, four issues will be discussed: strategic nuclear weapons, regional conflict, human rights issues, and bilateral relations. The first two issues involve world peace and the interests of the peoples of all countries. For this reason, people are following closely the likely results of the meeting.

Judging from the movements of both parties on the eve of the meeting, there seems little possibility that an agreement will be reached on strategic nuclear weapons because of the great differences between them; on regional conflicts, they probably will only make some remarks about their intentions because the problem is complicated. In spite of this, it is unlikely that the meeting will be unsuccessful and end in discord because both Ronald Reagan and Mikhail Gorbachev seem unable to stand deterioration in their mutual relations.

The U.S.-Soviet summits, from Reykjavik to Washington and now to Moscow, have turned U.S.-Soviet relations gradually from sharp confrontation into dialogue. On the one hand this shows how difficult it is to relax the confrontation between them; on the other, it also shows that they are subject to a tremendous pressures. This pressure comes from the people of the world, who call for armaments reduction and the safeguarding of peace, and from the current stern political and economic situation in the world and in their own countries. In addition, as far as Reagan is concerned, the Moscow meeting takes place several months before the end of his term of office. He is naturally ready to add a last decoration to his laurels with a spectacular diplomatic achievement and thus create a favorable situation for the Republican Party in the election campaign. Gorbachev, however, wants to use the achievements of this meeting to strengthen his position at the Party Congress next month and to contribute to the reform process in the Soviet Union. At the meeting there will inevitably be sharp confrontations but they cannot do anything but adopt a prudent attitude.

From the pre-summit propaganda war, we can see that both parties are trying not to worsen the atmosphere for the meeting. The United States is striving to get Senate ratification of the INF Treaty prior to the meeting. After saying that it would be impossible to reach an agreement on reducing strategic nuclear weapons at the Moscow meeting, Reagan also indicated that it would still be possible to reach an agreement before the end of his presidency. The Soviet Union, however, has shown its sincerity to implement the Geneva Agreement by withdrawing a number of Soviet troops from Afghanistan and has made some statements on a peaceful solution to the Angolan and Cambodian issues. These indications show that, even though both parties cannot make substantive progress on the questions of reducing strategic nuclear weapons and solving regional conflicts in Moscow, they will at least make gestures of looking ahead. As to how big the gestures will be, we shall have to wait for the outcome.

The Moscow meeting is another important step in the current U.S.-Soviet relations characterized by both confrontation and dialogue, because it involves some extremely important issues in the contemporary world. While welcoming their dialogues on these issues, people should also urge them to take practical actions to solve problems, instead of merely uttering magnificent diplomatic phrases.

Reagan Sees Progress in U.S.-USSR Dialogue
OW2605192188 Beijing XINHUA in English
1739 GMT 26 May 88

[Text] Helsinki, May 26 (XINHUA)—U.S. President Ronald Reagan believed that the U.S.-Soviet dialogue has made headway in recent years, the "HELSINGIN SANOMAT" reported today.

In a written interview with the daily on the eve of his fourth meeting with Soviet leader Mikhail Gorbachev, Reagan said the two countries have scored progress in talks on human rights, disarmament, regional conflicts and bilateral relations.

Admitting differences between the two countries, Reagan also said that it is possible for them to establish a constructive relationship.

He said a primary goal of his presidency is to cut drastically strategic arms, adding that he will also seek constructive settlement of chemical and conventional weapons issues.

Reagan, en route to Moscow, arrived here early today for a three-day stopover during which he will make final preparations on the May 29 to June 2 summit.

Reagan Says Summit Will Spur START Talks
OW2605184488 Beijing XINHUA in English
0530 GMT 26 May 88

[Text] Paris, May 25 (XINHUA)—President Ronald Reagan has told European newspapers that his Moscow talks next week with Soviet leader Mikhail Gorbachev will "help to advance the discussion on a strategic arms reduction treaty (START)."

In an interview with five European reporters published Tuesday by French newspaper "LE FIGARO," Reagan said that he didn't exclude the possibility of signing a START treaty before the end of the year.

"I expect that an agreement will be realized when I am still in power, and the Soviet Union has the same attitude," the president said. Waiting for a new president to occupy the White House would be "a useless delay," he added.

If the treaty is agreed upon soon, Reagan said, he will seek another summit with Gorbachev this year to sign it in a neutral place because they have already visited each other's country.

The two superpower leaders met in Washington last December and will meet in Moscow from May 29 to June 2.

"Negotiations in Geneva will continue," Reagan said, adding that he would "try to persuade (his) successor of the need to continue the disarmament process" as well as of eliminating the causes of "mutual distrust" between the two countries which Reagan said is the reason for the arms race.

USSR Official Cites Progress in Arms Talks
OW2605193688 Beijing XINHUA in English
1453 GMT 26 May 88

[Text] Moscow, May 26 (XINHUA)—The Soviet Union and the United States have made "a good deal of progress" in preparing a treaty on a 50-percent cut in their strategic offensive arms, Soviet Marshal Sergey Akhromeyev said today.

Akhromeyev told a press conference here that the two countries had hammered out a way in which they could seal the relationship between the anti-ballistic missile (ABM) treaty of 1972, and one on strategic offensive arms.

Akhromeyev, chief of the General Staff of the Soviet Armed Forces, said the two superpowers had come a long way to set sublimits on ballistic missiles, both ground-launched and sea-launched.

The two sides reached only an understanding in principle on the issue at the Washington summit last December, but they are now "close to an accord on more specific issues of the numbers of such launchers and warheads," he said.

According to the marshal, headway has been made on air-launched missiles as well.

However, he admitted that the two sides have not agreed on sea-launched cruise missiles yet.

Akhromeyev told reporters that the U.S. delegation accompanying President Ronald Reagan will come to Moscow later this week with certain proposals on these matters.

"It would be good if in Moscow it proves possible to prepare a document in the form of directions by the leaders of the two countries to their delegations at the talks in Geneva," he said.

World Food Program To Help Tibet Project
OW2605044988 Beijing XINHUA in English
0712 GMT 25 May 88

[Text] Lhasa, May 25 (XINHUA)—The World Food Program [WFP] has agreed to aid a five-year agricultural project in three counties of the Lhasa River Valley and the suburbs of Lhasa City in the Tibet Autonomous Region.

Known as 3357, the project covers 21 items, including building irrigation facilities on 3,859 hectares, planting 578 hectares of pastureland and afforesting 2,095 hectares.

A group from the WFP came to Lhasa to survey the project on May 9.

Beijing Benefit Planned for Venice, Great Wall
OW2605140688 Beijing XINHUA in English
0645 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—An international benefit gets under way in Beijing June 2 to help raise money to rescue two of the world's great man-made treasures—the city of Venice and the Great Wall in China.

Initiated by the Chinese and French committees of rescuing Venice and repairing the Great Wall, the benefit will include a concert in the Great Hall of the People on June 4, a charity bazaar, and a luxury tour of the capital.

The concert will feature 10 world class artists including singers and ballet stars from France, Spain, and the Soviet Union as well as two Chinese singers.

An art auction will also be held on June 5 when 47 famous paintings and 19 works of art from France, Italy, Spain, the Netherlands, the Federal Republic of Germany, the United States and China will be sold.

At the same time, 250 foreign tourists will have a luxury tour of the Chinese capital.

EC-CEMA Accord Hailed as 'Major Step'
OW2305155088 Beijing XINHUA in English
0754 GMT 23 May 88

["News Analysis: A Major Step in East and West European Relations (by Zhuze Canglin)"]—XINHUA headline]

[Text] Brussels, May 23 (XINHUA)—The decision to sign a joint declaration between the European Community (EC) and the Council for Mutual Economic Assistance (COMECON) shows that three-decade long state of non-recognition between the two economic blocs would soon be ended.

The agreement in principle to establish formal relations reached by the two sides on May 19 here created conditions for them to develop cooperation within the framework of their respective limits of authority, especially for all their member states to strengthen economic and trade relations on bilateral basis.

EC Commissioner for Foreign Affairs Willy de Clercq described the move as "a significant step in relations between the EC and Eastern Europe".

The European Community, with 12 member countries, has no official relationship with the ten-member COMECON for 30 years. The recent decision was one of the direct results of the limited detente between the East and the West.

The Soviet Union and other East European countries have taken the initiative and made big concessions while the EC made its prompt response. Willy de Clercq deemed that the mutual recognition of the two blocs was "a step taken by the East in our direction." The joint declaration to establish formal relations was expected to be signed early next month in Moscow.

For over 30 years since the founding of the European Community, the attitude of the Soviet Union has experienced a major change: From making charges on and refusing to recognize the community at the beginning to clearly indicating early in the 1960s that the EC has already become "an economic and political reality." Following the Soviet leader Mikhail Gorbachev's statement in May 1985 that the COMECON was prepared to establish "new relationship with the EC", Vyacheslav Sychyov, COMECON secretary-general, proposed that the two sides hold negotiations on mutual recognition and the normalization of their relations.

The Eastern bloc had dropped its requirement that trade links between Eastern and Western Europe be established directly between the community and COMECON, and adopted the EC's long-insisting idea that trade should be handled between the community and individual East European countries on a bilateral basis while the two bodies' cooperation be paralleled within each other's limits of authority. This concession was believed to have given a push in the negotiations.

The Eastern bloc also paved the way to the signing of the agreement by making concessions on the problem of West Berlin, a problem that was considered as the "final obstacle."

Both the EC and COMECON have their own political and economic considerations and needs in agreeing to sign the document.

Having seen the EC playing more important economic and political roles in the world affairs by adopting the "single European act" and bidding for a large internal market by 1992, the Soviet Union and its East European allies re-adjusted their policies towards Western Europe and were prepared to speed up their trade and economic cooperation with the community and improving the relations between them.

The Soviet Union hopes that through the normalization of relations between the EC and COMECON, it can enhance its position in dealing with the United States and, to a certain degree, meet its East European allies' request to step up trade with the West.

Besides, the Soviet Union and other East European countries badly need Western technology and capital in their domestic economic reforms. Only by normalizing relations with the EC first can they open the way for bilateral trade and economic relations with Western countries.

The whole Western Europe suffered in recent two years from a low economic growth and a high unemployment rate. [sentence as received] More and more trade disputes with the United States and Japan had made the community much eager to open the attractive Soviet and East European markets.

Politically, the Western bloc persisted in the negotiations on bilateral relations with individual Eastern countries in a bid to encourage their discord tendency. Economically, it intended to improve its exports and find new places for their investments.

It is a natural tendency that Eastern and Western Europe are seeking for peace through contact and dialogue. To normalize the EC-COMECON relations and strengthen the bilateral economic and trade cooperation will undoubtedly exert a positive influence on peace, stability and the economic development of Europe. However, as everybody knows, the EC-COMECON contacts and cooperation will unavoidably be restricted to a certain extent by the general U.S.-Soviet relations.

United States & Canada

Li Peng Meets U.S. Physicist
OW2605201888 Beijing XINHUA in English
1137 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Chinese Premier Li Peng met T. D. Lee, professor of physics at Columbia University of the United States, and his wife here this afternoon.

Lee has attended two seminars sponsored by the China Hi-Tech Center and the High-Energy Physics Research Institute at the invitation of the Chinese Academy of Sciences. He also gave advices on the construction of the Beijing electron positron collider. Zhou Guangzhao, president of the Chinese Academy of Sciences, was present on the occasion.

U.S. Urges SRV Withdrawal From Cambodia
OW2605005288 Beijing XINHUA in English
2334 GMT 25 May 88

[Text] Washington, May 25 (XINHUA)—The State Department said today that the normalization of relations between the United States and Vietnam depends heavily on the withdrawing of all Vietnamese troops from Cambodia.

Referring to reports of Vietnamese troop withdrawals from Cambodia, department spokesman Charles Redman said, "We can't predict whether these reports will come true."

He added that the way to resolve the Cambodian conflict is for Vietnam "to join in direct negotiations for a settlement and promptly to withdraw all of its troops from Cambodia."

"Only then would the Cambodian people be able to carry out a genuinely free act of self-determination," the spokesman said.

Asked if a Vietnamese withdrawal would affect the U.S. position on food aid to Vietnam, Redman restated the U.S. position that "a process of normalization obviously focuses very heavily on the question of Vietnamese withdrawal from Cambodia."

The Reagan administration has reaffirmed that normal relations are impossible unless Hanoi makes a "full accounting" of the issue of American soldiers missing in action and American prisoners of war and withdraw its estimated 140,000 occupation troops from neighboring Cambodia.

There are 1,767 Americans listed as missing in action in Vietnam, and an additional 637 missing in Laos and Cambodia as a result of the Vietnam war.

U.S. Senate To Ratify INF Treaty by Weekend
OW2605123288 Beijing XINHUA in English
0616 GMT 25 May 88

[Text] Washington, May 24 (XINHUA)—U.S. Senate Majority leader Robert Byrd told President Ronald Reagan that in all likelihood, the Senate "will be able to act" on the INF Treaty by Friday, two days after Reagan leaves for Moscow, White House Spokesman Marlin Fitzwater said today.

Reagan, who leaves tomorrow morning for Moscow, en route to Helsinki, Finland, to have a summit meeting with Soviet leader Mikhail Gorbachev from May 29, met with Byrd and Senate Minority leader Robert Dole this morning on the treaty's ratification issues.

The INF treaty, eliminating the U.S. and Soviet intermediate nuclear forces with ranges from 500 to 5,000 kilometers, was signed by Reagan and Gorbachev in Washington last December.

Reagan is scheduled to exchange the treaty's ratification instruments with Gorbachev during the Moscow summit to enable the treaty to come into effect.

As a small number of conservative Republican senators try to delay the ratification, the Senate is still debating the treaty.

However, both Byrd and Dole announced after meeting with Reagan earlier today that they will file a debate-limiting cloture petition today.

The petition would come to a vote no later than Thursday and if it got the required 60 votes, the Senate would be limited to 30 hours of debate before a final treaty vote.

"Chief of Staff Howard Baker told the Senate leadership this morning that he will stay behind to follow the Senate debate as the President departs tomorrow," Fitzwater said.

"He does this in the expectation that action will be taken by the end of the week, and that he can deliver a ratified INF Treaty prior to the President's arrival in Moscow," Fitzwater said.

Reagan will stay in Finland until Sunday morning.

Fitzwater told reporters that Baker will travel to Moscow on Saturday and be there for Reagan's arrival Sunday.

U.S. Clarifies Negotiations With Noriega
OW2605085188 Beijing XINHUA in English
2331 GMT 24 May 88

[Text] Washington, May 24 (XINHUA)—The on-going negotiations between a U.S. envoy and Panamanian strongman Manuel Antonio Noriega only deal with the departure of Noriega rather than the political future of Panama, the U.S. State Department said today.

"The United States has not been negotiating the political future of Panama What we have been trying to do is to arrange a necessary first step, which is the departure of General Noriega," spokesman Charles Redman said.

Redman made the remarks when asked to give comments on the Panamanian opposition's rejection of a U.S.-Noriega deal.

It was reported that the deal is to require Noriega to leave Panama for nine months starting this August and then the United States would drop drug smuggling indictments against him. It would also give Noriega a role in setting up a transitional government before leaving, and allow Noriega to return to Panama for holidays and to go back permanently after the 1989 elections.

U.S. Deputy Assistant Secretary Michael Kozak returned to Panama Sunday night to continue the negotiations for the deal. Kozak had been involved in the mission during the month and was recalled back to Washington last Friday. He had two consultations with President Ronald Reagan and other high-level officials during the weekend.

"What we are trying to do is to create the necessary first conditions to allow them (Panamanians) to get that democratic process back on the road," Redman said.

He said the negotiation is still going on, "but it should be clear that it is going to be up to Panamanians to then take control of their future."

He expressed the belief that the process of getting to a new government "is going to be very rapid."

"Obviously, in that process, there's going to be no support from the United States for the Solis Palma folks ... and there won't be in the future," Redman added.

Palma became Panamanian president in February when Noriega ousted President Eric Arturo Delvalle by manipulating the parliament.

U.S. Negotiations with Noriega Fail
OW2605143888 Beijing XINHUA in English
0641 GMT 26 May 88

[Text] Washington, May 25 (XINHUA)—U.S. Secretary of State George Shultz announced today that negotiations with Panamanian strongman Manuel Antonio Noriega on his departure from Panama have broken down.

"At the final moment in negotiations, Noriega would not carry through with the arrangements his representatives had negotiated," Shultz told a press conference.

"No further negotiations are contemplated; all proposals addressed during these negotiations have been withdrawn; no offers remain on the table," the U.S. secretary of state said.

He said he was authorized by President Ronald Reagan to recall the U.S. negotiator. Deputy Assistant Secretary of State Michael Kozak.

Shultz had been scheduled to leave with President Reagan earlier today for Moscow with a stopover in Helsinki, Finland. However, he remained in Washington in the hope that the negotiations with Noriega would produce some kind of result.

Accusing Noriega of imposing heavy political, economic and moral burdens on the Panamanian people, Shultz said that the Panamanian had been offered a chance to lift these burdens "as a result of reasonable terms worked out with the United States."

Shultz said that by refusing to resign and leave, Noriega "has put his own interests above those of the people of Panama."

For several weeks, Kozak has been trying to negotiate with Noriega an agreement which would have included the latter's resignation as leader of Panama's defense forces and departure from Panama before August, in exchange for the dropping of drug trafficking charges against him in the United States.

Kozak reportedly talked with Panamanian officials until the small hours of this morning, hoping to conclude an agreement before Reagan departed for the Moscow summit.

"The United States will continue to work for an opening to democracy in Panama, and for the conditions that will lead to economic development," Shultz said, adding that "we will continue our all-out war on drugs."

According to Shultz, the U.S. will keep its "present posture in place" and continue to work on "various options" in coordination with other Latin American countries. Asked if any of these options are military in nature, the secretary said, "I wouldn't comment on military options."

He said that the United States will continue to recognize Eric Arturo Delvalle "as the constitutionally proper and legitimate president of Panama."

Delvalle was ousted by Noriega in February when he attempted to dismiss Noriega as commander-in-chief of the country's defense forces.

Northeast Asia

DPRK Ambassador Holds 'Press Conference'
HK2705091288 Beijing RENMIN RIBAO in Chinese
27 May 88 p 4

[Report: "DPRK Ambassador to China Speaks on Olympics Question"]

[Text] Beijing, 26 May (XINHUA)—Sin In-ha, DPRK ambassador to China, this afternoon held a press conference regarding the 24th Summer Olympics for Chinese and foreign reporters.

At the press conference Ambassador Sin In-ha said: The Olympic Games should "become a grand international gathering of peace, friendship, and unity," "rather than a tool to split up any country or nation."

He demanded that the United States and Japan stop their conspiratorial activities of slandering and splitting Korea over the question of the Olympics.

He said: The Korean Government and people will continue to do their best to relax tension on the Korean Peninsula, create a favorable situation for peace and reunification, and reach the target of having the Summer Olympics co-hosted by both the north and the south.

DPRK accuses U.S. of Smeared Campaign in UN
OW2605010688 Beijing XINHUA in English
2359 GMT 25 May 88

[Text] United Nations, May 25 (XINHUA)—Ambassador Pak Kil-yon, permanent observer of the Democratic People's Republic of Korea (DPRK), today denounced the United States for smearing his country under the pretext of "Olympic security."

At a press conference held at the UN headquarters, the ambassador said that the United States was saying the DPRK might engage in terrorism to prevent a successful holding of the Olympic Games in Seoul.

He said that under the pretext of "Olympic security", the United States has announced that it will keep stationing its aggression forces including carrier flotillas in South Korea and its surrounding waters pending the Olympic Games.

Furthermore, he said, the U.S. Government has also announced to put on "posture for emergency mobilization" the South Korean puppet army, the U.S. occupationist forces in South Korea, U.S. forces in Japan and the Philippines and hold large-scale military exercises in the waters of South Korea.

These actions "are a heinous insult to peace and the idea of the Olympics and a vicious challenge to us who are making consistent efforts to ease the situation on the Korean Peninsula," the DPRK ambassador stated.

Japan Plans 1989 Military Buildup
OW2505084888 Beijing XINHUA in English
1154 GMT 24 May 88

[Text] Tokyo, May 24 (XINHUA)—Japan today mapped out its next fiscal year's defense buildup plan which includes the construction of a 12-13 billion yen (100 million U.S. dollar) vessel equipped with sophisticated antisubmarine sonar devices.

Defense Agency Director General Tsutomu Kawara, presented the preliminary budget appropriations beginning April next year to high-ranking military officers and members of the ruling Liberal Democratic Party, the KYODO News Service reported.

Designed for the fourth year of the 1986-1990 5-year medium-term defense buildup project, the plan stresses the introduction of sonar-equipped ships for antisubmarine warfare (ASW), an increase in the number of tanks in the northernmost island of Hokkaido, and further deployment of E2C early-warning aircraft.

The plan also embraces the setting up of an office within the Defense Agency for the development of next-generation support fighters (FSX) and another office to deal

with U.S. military secret patents so as to facilitate Japan-U.S. joint technology development in weapons and equipment, KYODO said.

The introduction of ASW-oriented antisubmarine sonar vessels is part of what Japan pledged to the United States last October as part of Japanese efforts to deal with Soviet submarines. Soviet submarines are believed to have been made more difficult to track because of quieter sub propellers produced with Toshiba's (the high-tech Japanese firm) computer-controlled machine tools.

Japan also promised to build an ASW center, KYODO said. The projected sonar ships and the ASW center will be put into operation in fiscal 1991.

The Defense Agency plans to add about 50 tanks on Hokkaido to its current force of 530 on the island. It has deployed [number indistinct] tanks nationwide.

Japan operates eight E2C planes at present. The plan calls for the deployment of five more such aircraft next year.

Southeast Asia & Pacific

SRV 'Stepping Up' Spratly Deployment
HK2705092588 Beijing RENMIN RIBAO in Chinese
25 May 88 p 4

[XINHUA report by Fei Caihong (6316 1752 5725): "Vietnam Continues to Illegally Invade and Occupy China's Nansha Islands and Reefs"]

[Text] Beijing, 24 May (XINHUA)—Vietnam is continuing to illegally occupy islets and reefs in China's Nansha [Spratly] Islands, stepping up the deployment of its troops in the sea area, and is creating tensions in the region. This was told to the reporter by a PLA responsible person today.

He pointed out: Since the "14 March Incident," the Vietnamese navy has occupied the Qiongjiao, Guihan and Bolan Reefs in the Nansha Islands and is accelerating the construction of military installations there. Meanwhile, military installations are also being enhanced and more Vietnamese troops stationed on the islets and reefs of Daxian, Nanhua, Liumen, Wumie, Riji and Dongjiao which were occupied earlier this year in an attempt to occupy those places for a long time. So far Vietnam has illegally occupied more than 20 islets and reefs in China's Nansha Islands. Tens of Vietnamese naval vessels have been engaged in armed provocations in the Nansha waters since the beginning of this year, reconnoitering and monitoring Chinese vessels and those personnel conducting scientific research as well as setting up an ocean observation station on the Yongshu reef of the Nansha Islands. In coordination with the Vietnamese navy, the Vietnamese air force repeatedly sent its aircrafts into territorial air space of China's Nansha Islands to join in the surveillance.

The PLA responsible person also disclosed that in early May Vietnamese top military officers time and again went to the islets and reefs that Vietnam is occupying to deploy more troops and build up a military presence for further invasion and occupation of the Nansha Islands. In recent days, war ships and vessels of the Vietnamese navy operating in the waters of the Nansha Islands and its troops invading and occupying islets and reefs have been carrying out different types of military maneuvers and firing artillery in the sea. In addition, Vietnamese naval and air forces have also performed war exercises against the background of plunging into a war in the Nansha Islands.

China Sends Fleet To Patrol Nansha Islands
HK2605033088 Hong Kong TA KUNG PAO
in Chinese 26 May 88 p 1

[Special dispatch by reporter Lin Ning (2651 1337): "China Sends Oceangoing Fleet to Patrol, Defend the Nansha Islands"]

[Text] Guangzhou, 25 May (TA KUNG PAO)—It has been learned from a good source that the Chinese Navy is building up its establishment of an oceangoing fleet to patrol the territorial waters around the Nansha Islands and to defend China's proper sovereignty activities of carrying out scientific surveys on the Nanshas and building an oceanic observation station at Yongshu Reef.

The Nansha Islands are scattered in waters extending for about 500 nautical miles from north to south and about 400 nautical miles from east to west. Recently, with Vietnam dispatching more troops to invade and illegally occupy some islands and reefs, carrying out frequent military exercises and sending its naval vessels continuously to attack, harass, and scout the Chinese naval vessels and survey personnel engaged in scientific survey and observation station construction, the Chinese Navy has strengthened its defense of the Nanshas by dispatching a fleet comprising oceangoing destroyers, escort vessels, and tender ships, together with a naval aviation unit equipped with attack planes, to patrol the territorial waters and airspace in this area.

News from another source has it that the Chinese Navy has sent crack marine units to several islands and reefs in the Nanshas to coordinate with naval and aviation units in ensuring the safety of China's scientific survey and construction work there and defending the motherland's territorial waters and airspace.

According to an observer's analysis, despite the "aggravation" of the tension in this sea area caused by the "12 April" incident provoked by Vietnam, the Chinese side has all along adopted an attitude of self-restraint and seriously demanded that Hanoi immediately withdraw its troops from these Chinese islands. It has also announced its readiness to "negotiate" with Vietnam

over the question of the Nansha Islands. This also reflects the Chinese Government's stand of hoping to finally settle the dispute over the Nansha Islands in a peaceful way.

Another informed source discloses that China's elevated construction project of the oceanic observation station on the Yongshu Reef has been completed and the installation of various kinds of equipment and instruments is intensively under way.

It is learned that this observation station is a "structure with long legs" built on the reef base. The caisson method has been used to reach the reef base. A huge steel skeleton extends for more than 2 meters above the sea surface, with two oval-shaped reinforced concrete buildings resting on it. The larger of them is the oceanic observation station. The other is used as living quarters for the scientific survey personnel.

It is also learned that the Chinese survey personnel and the naval officers and troops have worked strenuously to complete the elevated construction project on schedule, despite the high temperatures and poor weather and the continuous harassments by the Vietnamese troops, and although they had to carry out survey and construction work for long hours in the water. At present, they are intensively installing and testing various kinds of equipment and instruments.

JIEFANGJUN BAO Views Spratlys PLA Fleet
HK2705102688 Beijing JIEFANGJUN BAO in Chinese
19 May 88 p 1

[Report by reporter Si Yanwen (0674 1750 2429):
"Chinese Fleet Patrols Nansha Islands"]

[Text] The dark blue waves of the South China Sea were pounding the warships of the motherland. A naval formation had again arrived in the waters of the Nansha Islands [Spratlys] on patrol. Officers and men, their faces swarthy with the seasonal tropical winds whipping at them, were navigating their warships in the vast expanse of the South China Sea.

The naval formation and the naval air force unit had visited the waters and airspace of the Nansha Islands many times on patrol, training, and survey missions. The Nansha Islands are spread over a sea area of 500 nm from south to north and about 400 nm from east to west. It has traditionally been known to navigators as a forbidding passage and is dubbed "a dangerous zone." Commanders and fighters in our naval formation have seriously studied relevant matters, acquainted themselves with data about the sea area, and subjected the navigation routes to elaborate analysis. They have made comprehensive use of various means to guarantee the safe navigation of the formation.

During their patrol, officers and men from the ships climb onto the reefs of the Nansha Islands, many of the rocks peeping above the water only at low tides. Those reefs hidden below the surface are dented and uneven and replete with coral. The fighters have to ford through chest-deep water, as they do their work standing on the reefs, their legs and feet constantly cut and torn open by the sharp coral below. Those who climb on the reefs to make surveys are at the mercy of the whipping winds and the battering waves. With a high sense of loyalty to the Motherland they doggedly discharge the duties of a fighter.

During ocean passage, the patrol formation carries out strict training that comes close to actual combat conditions with live ammunition, subjecting the relevant units to inspection. They have successfully achieved a rendezvous at sea between the patrol formation, a reinforcement formation, and a protection formation to form a large force. They have also put the relevant formation through surface-to-surface firings, surface-to-air defense, and other exercises with various tactical items involved, thus raising the formation's capacity for navigation, organization of command actions, and concerted attack. The content of the new training program is strengthened in line with combat needs. The units are generally able to receive training close to combat conditions with live ammunition.

The temperature of the South China Sea in April reaches as high as 34 degrees Celsius. The decks are burning hot and the cramped engine room is like a steam bath. Officers and men are often bathed in sweat as they work. A trip can last more than a month. They always have little appetite and do not sleep well, yet all of them are full of fight. They display a rugged will to fight. With redoubled vigilance they stick doggedly to their respective combat posts, defending the territorial sovereignty of the motherland.

SRV Refuses To Talk With Sihanouk
OW2605183588 Beijing XINHUA in English
1812 GMT 26 May 88

[Text] Hanoi, May 26 (XINHUA)—The Vietnamese Deputy Foreign Minister Tran Quang Co insisted that Vietnam is only a outsider in a political solution to the Kampuchean issue.

At a press conference here today, he said his country will attend the planned informal talks on the Kampuchean issue to be held in Jakarta this July.

However, he said Vietnam will never talk independently with Samdech Norodom Sihanouk or any other faction from Kampuchea.

He reaffirmed Vietnam's support for the Hanoi-backed Phnom-Penh Government and demanded the Khmer Rouge's armed forces be dissolved.

The Vietnamese and Indonesian foreign ministers will meet in New York when they attend the upcoming U.N. General Assembly session, Tran said, adding that the two ministers will discuss the details about the Jakarta talks.

SRV Announces Troop Withdrawal From Cambodia
OW2605182388 Beijing XINHUA in English
1803 GMT 26 May 88

[Text] Hanoi, May 26 (XINHUA)—The Vietnamese authorities today claimed that Vietnam will pull 50,000 of its troops from Kampuchea this year.

Major General Nguyen Van Thai, spokesman of the Defense Ministry of Vietnam, read out a communique at a press conference held here this afternoon, saying that Vietnam is to withdraw 50,000 of its troops from Kampuchea from June to December this year and the command of the Vietnamese occupation troops will move back to Vietnam by the end of 1988.

In a statement read at the press conference, Deputy Foreign Minister Tran Quang Co repeated the old Vietnamese commitment that Hanoi will pull all of its troops from Kampuchea by 1990.

Western military experts pointed out that Vietnam has announced six partial withdrawals of troops since 1982, but in fact, these "withdrawals" were nothing more than troop rotations.

Observers here noted that the announcement of Vietnam came prior to the U.S.-Soviet summit meeting in Moscow. In the Geneva agreement on the Afghan problem signed not long ago, the Soviet Union made a commitment of total withdrawal of its troops from Afghanistan within nine months, which put Vietnam in a dilemma in the world.

SRV Foreign Minister's Remarks on Economy Refuted
HK2605090188 Beijing RENMIN RIBAO
in Chinese 21 May 88 p 6

[Jottings" by Sai Bei (1049 0554): "Sidestepping the Question"]

[Text] Recently, Nguyen Co Thach, Vietnam's vice chairman of the Council of Ministers and minister of foreign affairs, said to an AFP reporter that the "greatest burden" to the Vietnamese economy is not the war of aggression against Cambodia but "our own foolishness" and "our ignorance of economic affairs." According to Nguyen Co Thach, this "foolishness" and "ignorance" find expression in "holding that socialism is a charitable undertaking issuing material benefits to the people."

Let us set aside the question of whether or not Nguyen Co Thach has accurately expounded the understanding of the Vietnamese authorities of "socialism." Everybody knows that many socialist countries are exploring ways to build socialism better and are conducting reforms of

their economic and political structures. However, no socialist countries confront as great a difficulty as Vietnam does today. Why? Nguyen Co Thach did not further elaborate on this question.

It is quite clear that the extremely difficult economic problems the Vietnamese authorities are confronting today are by no means caused by their "ignorance" in understanding socialism but by a deeper cause, which is the aggression in Cambodia.

It can be imagined that if, after reunifying Vietnam in the 1970's, the Vietnamese authorities had adopted a peaceful policy of resting and building up strength at home and making extensive friends abroad to cure the wounds of war, Vietnam would not be like this today. At that time, however, it had a swollen head, regarding itself as the third military power in the world and vainly attempting to set up, with the support of the Soviet Union, a Federation of Indochina, and to hold sway over Southeast Asia. But things have gone contrary to its wishes. Cambodia has not only become a fishbone stuck in the throat of the Vietnamese authorities but Vietnam has also been turned into a pariah in the international community. How can a country, which has gone through wars for several decades, withstand the upheavals over the past dozen years or so? This is a fundamental cause of the degeneration of the Vietnamese economy to such an extent today. Nguyen Co Thach, who has also been promoted from a vice foreign minister to a vice chairman of the Council of Ministers over the past dozen years or so, naturally knows this piece of history very well. For this reason, it is not that Nguyen Co Thach does not know what constitutes the greatest burden to the Vietnamese economy but that he dare not speak out.

It now seems that the Vietnamese authorities are still unwilling to put down their burden, i.e. Cambodia, because the more than 100,000 Vietnamese troops invading Cambodia can eat there and this slightly eases Vietnam's grain difficulty at home. They can also plunder some things from Cambodia to make up for the deficiencies in the country. The blood transfusion from the Soviet Union also enables the Vietnamese authorities to maintain the invasion of Cambodia for a while longer. This is probably the reason why Nguyen Co Thach sidestepped the question, refusing to acknowledge that invasion into Cambodia constitutes the greatest burden to the Vietnamese economy. In truth, Vietnam is seeking temporary relief regardless of the consequences. If a political solution cannot be found for the Cambodian issue as quickly as possible, it will still be difficult for the Vietnamese authorities to improve their economy even if they have become "clever" and "knowledgeable" in their understanding of socialism. The reform conducted since the Sixth Congress of the Communist Party of Vietnam has yielded little results. Isn't this good proof?

Prem Says SRV Pullout Key to Cambodia Issue
OW2605133588 Beijing XINHUA in English
0121 GMT 25 May 88

[Text] Helsinki, May 24 (XINHUA)—Thai Prime Minister Prem Tinsulanon said here today that the key

factors to resolving the Kampuchean issue are Vietnam's total withdrawal from the country and ensuring that Kampuchea becomes an independent, nonaligned nation.

The visiting prime minister told reporters that he had discussed the Kampuchean situation with Soviet leaders during his recent visit to Moscow. Both sides agreed that they have an essentially identical view on how to settle the nine-year Kampuchean war, Prem said.

The Thai prime minister said he believes that Moscow's attitude towards Kampuchea has changed some since the Soviet Union adopted "glasnost" and reform policies.

Prem refused to comment on Vietnam's promise to remove all its troops from Kampuchea by 1990, but said that the Vietnamese should withdraw earlier than that.

He said his visit to Finland is beneficial to enlarging trade between the two countries, as well as building forestry and agricultural ties.

Prem arrived here on Sunday for a four-day official visit.

Wu Xueqian Meets Burmese Deputy Prime Minister
OW2605211788 Beijing XINHUA in English
1417 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Chinese Vice-Premier Wu Xueqian hosted a dinner for U Tun Tin, Burmese deputy prime minister and minister for planning and finance, and his party here today.

Wu said that the mutual visits between Chinese and Burmese leaders over the last 30 years have contributed to the Sino-Burmese friendship.

U Tun Tin said that the development of the Burma-China relations was the result of the far-sightedness of the two countries' leaders.

Wu said that the economic and technological cooperation between the two countries is progressing smoothly. Last year's trade hit an all-time high; achievements have been made in oil cooperation; and exchanges between the youth organizations and trade unions of the two countries have opened up new avenues for friendly exchanges. U Tun Tin cited Chinese assistance to Burma including a number of industrial projects, a stadium and a bridge across river Rangoon.

He said that Burma's debt was now four billion U.S. dollars. Wu shared his view that the creditor and debtor countries should work together to settle the debt problem.

Wu expressed the hope that Burma, under the leadership of Chairman U Ne Win, will achieve success in its reforms.

Wu said that China wants to work with Burma for regional and world peace and to expand trade and technical cooperation between the two countries.

Earlier today, Chinese State Councillor and Minister of Finance Wang Bingqian and Vice-Chairman Chen Muhua of the National People's Congress Standing Committee met U Tun Tin.

Near East & South Asia

RENMIN RIBAO on Egyptian-Soviet Relations
HK2605140588 Beijing RENMIN RIBAO
in Chinese 22 May 88 p 6

[Commentary by staff reporter Lin Jiaoming (2651 5754 2494): "New Developments of the Relations between Egypt and the Soviet Union"]

[Text] Cairo, 19 May (RENMIN RIBAO)—On 19 May Egyptian Deputy Prime Minister and Minister of Foreign Affairs Ahmad 'Ismat 'Abd al-Majid led a high-ranking government delegation to the Soviet Union for a 3-day official visit. This was the first government delegation of such an high level sent by Egypt to the Soviet Union in more than 10 years. The Egyptian press pointed out: "Egyptian-Soviet relations have entered a new stage."

It has been learned that Deputy Prime Minister 'Abd al-Majid will meet with Soviet Minister of Foreign Affairs Shevardnadze for talks. These talks will focus on further cooperation between the two countries in the economic, trade and technological fields and both sides will exchange views on the Middle East situation, the Gulf situation and matters of common interest. Soviet General Secretary Gorbachev will meet the Egyptian deputy prime minister, who will hand him a letter from President Mubarak.

As is well known to all, the past Soviet way of dealing with Egypt was strongly resisted by the Egyptian Government and relations between the two countries were almost completely crippled in the late seventies. Relations started improving in 1983 and the two countries eventually exchanged ambassadors in 1984. The relations were being reconciled step by step. Egyptian papers pointed out in commentaries: "Both Egypt and the Soviet Union now wish to strengthen the ties between them as long as interests of the other party are not harmed. Such cooperation will be beneficial to the two countries and also be advantageous to easing tension in the Middle East."

Diplomatic sources here pointed out: Since Mikhail Gorbachev has held the post of CPSU general secretary, Soviet policies in the Middle East "have become increasingly flexible and active." The Soviet Union "has come to realize that its relations with other countries of the

Arab world cannot replace its ties with Egypt." Especially after most Arab countries resumed their diplomatic relations with Egypt, the nation has had an ever increasing say on the Middle East issue. Obviously, it is a matter of top priority for the Soviet Union to return to the Middle East, break down the U.S monopoly on Middle East affairs, and win over Egypt.

So far as Egypt is concerned, the improvement of its relations with the Soviet Union can not only strike a "balance" between the United States and the Soviet Union but also can raise its position and help its economic construction. A large number of heavy industrial projects in Egypt, especially the steel industry, the exploitation of phosphate and hydropower stations, were built with the help of the Soviet Union in the fifties. Egypt now needs Soviet equipment, spare parts and technical personnel. The Egyptian Government also believes that a closer relationship with the Soviet Union will enable it to have more weight when it holds negotiations with the United States, the European Community and the International Monetary Fund on loan terms. Diplomatically, Egypt has noticed that the Soviet Union is getting close to moderate Arab countries, thus it is willing to develop its relations with the Soviet Union so that it will be able to find itself in an advantageous position.

At present both Egypt and the Soviet Union want to improve their relations but it is expected that their relations will not develop too fast because of the wide gap between them in the past.

Israeli Consular Delegation To Visit Moscow
OW2605083988 Beijing XINHUA in English
2353 GMT 24 May 88

[Text] Amman, May 24 (XINHUA)—A four-member Israeli consular delegation will soon visit Moscow to examine the Israeli properties in the Soviet Union. Israeli Radio reported today.

The expected visit was agreed upon during a recent meeting in Geneva between Vladimir Terrasov, assistant director of the Middle East Department of the Soviet Foreign Ministry, and Namroud Novick, political adviser of the Israeli Foreign Ministry, the radio said.

Israel and the Soviet Union have not resumed their diplomatic relations since the outbreak of the 1967 Mideast War.

However, a Soviet consular delegation has reportedly been staying in Jerusalem since last July to examine Soviet properties in Israel.

USSR Sets Up New Afghan Security Posts
OW2605044188 Beijing XINHUA in English
0952 GMT 24 May 88

[Text] Islamabad, May 24 (XINHUA)—The Soviet military authorities in Afghanistan have started establishing new security posts along Salang Highway leading to the Soviet Union, the AGENCY AFGHAN PRESS (AAP) reported today.

The Soviet move was taken after Afghan resistance forces captured a strategic military garrison recently in Punjsher Valley in Parwan Province.

Salang Highway, which is the main route from the Afghan capital Kabul to the Soviet Union, passes through the 110 kilometer long Punjsher Valley which has a special significance. About 10,000 Soviet-Kabul troops are stationed in the lower and central areas of the valley, about 80 kilometers north of Kabul.

AAP said that in addition to the setting up news along Salang Highway the Soviet authorities have also sent 1,000 fresh troops to Gulbahar Army Camp located at the mouth of Punjsher Valley. [sentence as received]

The Soviet troops, it noted, are believed to launch a major military operation against the Afghan guerrillas in Punjsher Valley, which is aimed at ensuring safety of the withdrawing Soviet troops along Salang Highway.

The first batch of over 1,200 Soviet troops left Afghanistan through Salang Highway on May 15 when the Geneva agreement came into effect.

Under the UN-mediated agreement which was signed by Pakistan and the Kabul regime on April 14, the Soviet Union is to withdraw its troops from Afghanistan within nine months starting on May 15. Fifty percent of the estimated 115,000 Soviet troops will be pulled out within the first three months.

West Europe

Yang Shangkun Receives New UK Ambassador
OW2605203288 Beijing XINHUA in English
0949 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—The new British ambassador to China, Alan Ewen Donald, presented his credentials to Chinese President Yang Shangkun here today.

Donald arrived here May 14.

NPC Vice-Chairman Meets FRG Legislators
OW2605211388 Beijing XINHUA in English
0938 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Wang Hanbin, vice-chairman of the Standing Committee of the Chinese National People's Congress, met here today with a five-member delegation from the economic cooperation committee of the Federal Assembly of the Federal Republic of Germany.

The German committee is in charge of examining and approving economic cooperation projects between the Federal German Government and developing countries.

The delegation led by Dr. Heinrich Pohlmeier arrived here May 23 at the invitation of the Ministry of Foreign Economic Relations and Trade to study bilateral technical cooperation and financial projects in China.

According to an official of the ministry, China and Federal Germany now have had more than 70 cooperation projects in the fields of agriculture, transport, energy, telecommunications, professional training and technical upgrading.

East Europe

CSSR's General Secretary Jakes' Visit Concludes

Zhao Ziyang's 23 May Speech
AU2505191188 Prague RUDE PRAVO in Czech
24 May 88 pp 1,2

["Speech by Comrade Zhao Ziyang," general secretary of the CPC Central Committee, at a dinner given in Beijing on 23 May in honor of Milos Jakes, general secretary of the CPCZ Central Committee]

[Text] Esteemed General Secretary Milos Jakes, esteemed Czechoslovak comrades, comrades and friends:

Thanks to joint efforts, the relations of friendship and cooperation between the Chinese and Czechoslovak parties and states have been developing to the satisfaction of both sides in the last 2 years. It is with feelings of immense joy that I warmly welcome, in the name of the CPC Central Committee, Comrade Milos Jakes, general secretary of the CPCZ [Czechoslovak Communist Party] Central Committee, on the occasion of his official friendly visit to China. I trust that your visit will further enhance mutual understanding and trust and will give a strong impetus to the comprehensive deepening of relations of friendship and cooperation between our two parties and countries.

Last June I had the opportunity to visit your beautiful country, which made a very deep impression on me. The communist party and the people of Czechoslovakia have glorious revolutionary traditions. You waged an arduous and tenacious struggle to defend your independence and

freedom. For more than 40 years since the end of the war, the CPCZ has been guiding the people of its country toward socialist construction, achieving remarkable successes in the process. It deserves credit for a great upsurge of the economy and a formidable rise in people's living standards. The CPCZ is at present guiding the people toward the implementation of the strategy of accelerating socioeconomic development, worked out by its 17th congress. In the conditions of your country you are exploring ways of restructuring the economic mechanism and intensifying and modernizing the national economy. We sincerely wish you success in attaining your targets.

Our country has traversed a tortuous path in its socialist construction. Since the third plenum after the 11th CPC Congress in 1978, proceeding from the specific conditions of our country, we have focused on the development of the economy as the key task and upheld the policy of reform and of opening up to the world. The appearance of our country has undergone profound transformations since we set out on the road of building socialism with Chinese characteristics. The 13th congress held last October assessed the work of the past 9 years and worked out the theory and the basic line and directive for the commercialization and modernization of manufacturing in our country under the socialist system. Our whole party and the people throughout the country now perceive reform as the backbone of all their work and seek the implementation of the conclusions of the 13th congress. Socialism is currently in the process of getting to know itself more profoundly. In the several decades of its development, socialism has accumulated many good experiences, but it has experienced setbacks as well. Practice has transformed us, making us wiser and more mature. We realize more and more deeply that only when we will truly proceed from the specific features of our countries and creatively explore the ways and methods of building socialism, only then will the advantages of socialism become fully manifested.

Dear comrades! Both our parties and countries are enriching the ideological treasure trove of Marxism with their practice and experience from building socialism. There are many areas in which we need to understand one another, but there are also many things that are worth exchanging and many areas in which it is worth learning from each other. This will undoubtedly greatly benefit our common cause of socialism.

Dear comrades! The peoples of both our countries, which are concentrating their forces on socialist construction, are profoundly aware of the importance of maintaining a lasting, peaceful international environment. The CPC and the Chinese people consistently uphold an independent foreign policy of peace, wage a persistent struggle against the arms race, and strive to eliminate regional hotbeds of tension, ease international tension, and maintain world peace. We highly value the active efforts and important contributions of the CPCZ

and the Czechoslovak people to the maintenance of world peace, relaxation of tension in Europe, and the development of dialogue and contacts between East and West.

We are confident that by joint effort of all peace-loving states and peoples of the world, world peace will no doubt be safeguarded.

Meeting With Deng Xiaoping

HK2705084788 Beijing RENMIN RIBAO in Chinese
26 May 88 p 1

["Dispatch" by reporters Jiang Qianhong (5592 0578 4767) and Sun Yi (1327 3015): "Deng Xiaoping Meets Jakes, Stresses That Reform and Opening Up Should Be Carried Out in the Whole Process of China's Development"]

[Text] Chairman Deng Xiaoping cordially met with Milos Jakes, general secretary of the Communist Party of Czechoslovakia, and his party at Diaoyutai State Guesthouse this morning. Deng Xiaoping talked with Comrade Jakes about the question of making the ranks of cadres younger in average age. He said: Our goal is to really set up a retirement system for party and government officials so that younger people can take leading posts not only at the central level but also at various levels. Gradually making party and government leaders at all levels younger in average age can provide our party and country with more vitality. Although they are not as experienced, young people are vigorous, more ready to accept new ideas, and better educated in modern knowledge.

Talking about the relationship between the two parties, Deng Xiaoping said: Since the communist parties of the two countries resumed their ties, the friendly relations between the two countries and the two peoples have developed satisfactorily. What is past is past. Let us develop our friendly relations on a new basis.

General Secretary Milos Jakes first extended cordial greetings to Comrade Deng Xiaoping on behalf of the leadership of the Czechoslovak party and government and expressed high admiration for Comrade Deng Xiaoping's entire work and activities. He said: Though our countries are separated by long distance, we face almost common tasks and problems. We are carrying out reform of the economic mechanism and this is similar to the reform of the economic structure in China. We will also strive for democracy to allow the people to become more active in decisionmaking and change the work style of the central organs.

When talking with Jakes about the reform being conducted in the country, Deng Xiaoping said: Our general principle is correct. Both Chinese leaders and ordinary people have a common understanding of the reform and opening up. There is no conservative faction in China. This should be attributed to the 10 years of "Cultural Revolution." The disastrous lessons of the 10 years of

"Cultural Revolution" were very profound. All people call for reform and so our reform has been carried out smoothly. We should carry out reform and opening up in the whole process of China's development.

Deng Xiaoping also said: To "build socialism with Chinese characteristics," it is necessary to maintain the development orientation of socialism and to affirm that the fundamental content of socialism is to develop social productive forces and to gradually get rid of poverty. Instead of poverty, socialism means prosperity and this prosperity is common prosperity. After the meeting, Deng Xiaoping hosted a luncheon for General Secretary Milos Jakes and his party. Wu Xueqian was present at the meeting and the luncheon.

Jakes Tours Factories

OW2605200588 Beijing XINHUA in English
1346 GMT 26 May 88

[Text] Nanjing, May 26 (XINHUA)—Visiting Czechoslovak Communist Party General Secretary Milos Jakes said here today that cooperation between local industrial enterprises in China and Czechoslovakia is beneficial to both sides.

Jakes made the remark in an interview with XINHUA following a visit to Nanjing Radio Factory and an affiliated township factory producing cases of cassette recorders and tv sets.

He said he shared Chinese Communist Party General Secretary Zhao Ziyang's view that enterprises of the two countries can have direct cooperation.

He said Czechoslovakia can cooperate with China's provinces in many fields.

Jakes was accompanied on the visit by Yao Yilin, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier, and leading party and government officials of Jiangsu Province.

Tours Nanjing

LD2605195688 Prague CTK in English
1705 GMT 26 May 88

[Text] Nanjing May 26 (CTK correspondent)—Czechoslovak Communist Party General Secretary Milos Jakes visited an electrical engineering plant in Nanjing, the capital of Jiangsu Province, on the fourth day of his visit to China today.

The Nanjing plant, a member of a corporation of one hundred enterprises, is well-known throughout the country for its electrical engineering products of the Panda mark.

In the afternoon, Milos Jakes and his entourage inspected the largest two-level bridge across the Yangtze River and in the mausoleum of Sun Yat Sen paid tribute to this great Chinese revolutionary.

Friday morning, Milos Jakes will return to Beijing and leave for an official friendly visit to the Democratic People's Republic of Korea.

Seen Off by Yao Yilin

OW2705065688 Beijing XINHUA in English
0542 GMT 27 May 88

[Text] Beijing, May 27 (XINHUA)—Milos Jakes, general secretary of the Central Committee of the Czechoslovak Communist Party, wound up his visit to China and left here this morning for Pyongyang.

Yao Yilin, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier of the State Council, saw Jakes and his party off at the airport.

During their conversation at the airport, Yao and Jakes agreed that Jakes' current visit has promoted mutual understanding and relations between the two countries.

Jakes said that he was very interested in what he had seen in China, especially China's reform and opening to the outside world.

He reiterated that although they have different conditions, Czechoslovakia and China are confronted with many similar issues.

Jakes and his party arrived here from Nanjing in the company of Yao. Before their departure from Nanjing, Yao passed to Jakes a telephone message from Zhao Ziyang, general secretary of the Chinese Communist Party, wishing Jakes a pleasant journey.

Hu Qili Meets GDR Party Delegation
OW2605211088 Beijing XINHUA in English
1204 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met with a delegation from the advanced "Karl Marx" party school of the Socialist Unity Party of Germany (SUPG) here today.

The delegation is led by Kurt Tiedke, president of the school and member of the SUPG Central Committee.

Hu said that the exchanges between the parties and party schools of the two countries are conducive to mutual understanding.

Gao Yang, president of the party school of the Chinese Communist Party Central Committee, host organization of the delegation, was present on the occasion.

Earlier, Tiedke made a speech at the Chinese party school on the training of cadres and theoretical research in his party.

Latin America & Caribbean

Argentine Embassy Marks Revolution Anniversary
OW2605041588 Beijing XINHUA in English
0656 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—The 178th anniversary of the Argentine May Revolution was marked at a reception given by Argentine Ambassador to China Ossorio Arana at the embassy here today.

Chinese Minister of Aerospace Industry Lin Zongtang, who accompanied Argentine President Raul Alfonsin during his China visit two weeks ago as chairman of the Chinese Government reception committee, attended today's reception.

Yan Jici Meets Surinamese Delegation
OW2605093388 Beijing XINHUA in English
0640 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Yan Jici, vice-chairman of the Chinese National People's Congress Standing Committee, met here today a delegation of the Council of Trade Unions of Suriname led by Hendrik George Sylvester, president of the Confederation of Civil Servants Union of Suriname.

Wuhan Hosts National Symposium on Socialism
*HK2405115988 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 21 May 88*

[Excerpt] From a national symposium on the theory and practice of the initial stage of socialism, which ended today, this reporter has learned that the problem of gaining a fresh understanding of socialism has been put on our country's theoretical work schedule, thereby opening up a new train of thought for deepening and widening studies of the initial stage of socialism theory.

At the 3-day symposium, which was held at the Central China Teachers University, more than 130 specialists, professors, and theoretical workers had a lively discussion on the essentials of the initial stage of socialism theory, the yardsticks for the productive forces during the special historical period, socialist democracy and politics, and the building of socialist spiritual civilization, and some progress was made on these topics.

(Zheng Bijian), deputy director of the State Council International Studies Center and member of the Central Liaison Group for Studies of the Initial Stage of Socialism, spoke at the meeting. He said: With the further development of reform and opening up, how to view the development of the socialist commodity economy, the people's interests, changes in economic life, and many new contradictions arising in society have become major subjects for theoretical studies. With implementation of the opening up policy theoretical circles should; Understand the international environment; be clear about reforms and the trend toward readjustment in the world; seize and use the right moment to study the relationship between China's reform and the world readjustment trend; broaden their horizons; and widen their train of thought so as to lay down a solid and scientific foundation for increasing the strength of our country. [passage omitted]

Understanding of Capitalism Seen as 'Necessary'
*HK2405052588 Shanghai SHIJIE JINGJI DAOBAO
in Chinese 2 May 88 p 7*

[Report: "A Re-Understanding of Capitalism Is Also Necessary"—first paragraph is SHIJIE JINGJI DAOBAO introduction]

[Text] In fact, under the capitalist system, many ways of organizing the economy and regulating economic activities have, in most cases, a dual nature—not only reflecting the needs of capitalists but also reflecting the demands of the socialization of production and the development of the commodity economy.

Xiao Liang of ZHONGGUO SHEHUI KEXUE [China Social Sciences] gave his views on what we thought in the past: It seemed that capitalism had become outdated and hackneyed to the core. It could no longer survive and would collapse right away. His views are as follows:

1. Capitalism still has life in it and room for development.

In fact, the capitalist system still has some life in it. After the end of World War II, capitalism invariably failed to get rid of its inveterate disease—the invasion of an economic crisis. Polarization still existed. But given its ability to readjust the relations of production within a given scope and develop science and technology, the capitalist economy could still develop, and, sometimes, quite quickly. On the basis of the development of production, workers' wages were also raised to a certain degree. There was also improvement in social welfare undertakings. Moreover, on the basis of the development of the capitalist stockholding system, capital has further been popularized. There has really appeared the trend of "the people's capitalism." Intermediate strata have appeared in large numbers. The boundaries between classes have become blurred.

In sum, we cannot believe that capitalism will soon perish. It still has quite a deal of vitality in it and leaves much room for development.

2. Among capitalists, there is no lack of shrewd and capable operators and intellectuals.

In the old China, given only the partial development of capitalism, our understanding of capitalists was often abstract, and, in many cases, based on what came from books. It seemed that the capitalists were exploiters full of greed and men having nothing to do in society. In some of Marx's works it was even said that the capitalist class would become increasingly detached from the process of production to become a profit-hungry herd and a burden on society like a tumor on the human body. Now it seems that this is not necessarily a complete and accurate understanding.

In "Das Kapital," Marx clearly said that command, or management is also a kind of productive labor, and is indispensable in any common production effort. Especially in modern production and in the developed commodity economy, the position and role of an operator have become increasingly clear and increasingly important. We must recognize the role of knowledge and information, and also recognize the role of operation. We must recognize that operation and management also represent a kind of labor, and, very complicated labor at that. People engaged in such labor naturally deserve higher remuneration. This does not mean negating the still existing capitalist exploitation of the working class. But it must be noted that for the sake of their own career, capitalists, objectively speaking, do wholesome labor for society. They also work very hard. They do their part in economic development. Only by recognizing this point can we learn from others, drawing on their strengths to make up for what we lack.

3. Some capitalist ways of organizing and regulating the economy have reflected the demands of the socialization of production.

In the eyes of some people, the development of the commodity economy and the market economy represent the development of capitalism. In the past 2 or 3 years, given the recognition by central documents of the socialist economy as a planned commodity economy, there has been a great reduction in the number of people holding views equating the commodity economy with capitalism. But the viewpoint that equates the market economy with capitalism still occasionally appears in the press. In fact, is it possible to depart from the market in developing a socialist commodity economy? Without a full and perfect market, would the development of the socialist commodity economy become empty talk? What is the basis for the argument that we must equate the market economy with capitalism? In my opinion, the capitalist economy is the market economy, and the socialist commodity economy is also the market economy. The difference that sets the two apart lies only in the relations of ownership and not in whether one is the market economy and the other is not.

Also, the capitalist state apparatus and the superstructure, after World War II, strengthened their interference with the economy, and this had an effect on many fields. For example, through planning, economic development is organized. Through legislation, monopolization is opposed, and pollution is taken care of. Through taxation, the income of various classes and various segments is regulated. Through education, skilled personnel are trained in a comprehensive way. All these have produced a beneficial effect. In the past, our studies in these respects were far from adequate. We often took the easy way making the accusation that the capitalist state apparatus and the superstructure had a class nature and were in the service of capitalists.

In fact, under the capitalist system, many ways of organizing the economy and regulating economic activities have, in most cases, a dual nature—not only reflecting the needs of capitalists but also reflecting the demands of the socialization of production and the development of the commodity economy. So long as we properly sort them out, we can similarly make them serve us.

Zhao Ziyang, Others Mourn Jiang Nanxiang Passing
OW2605085388 Beijing XINHUA Domestic Service in Chinese 1507 GMT 24 May 88

[Text] Beijing, 24 May (XINHUA) — Party and state leaders and more than 500 people of various circles in the capital today went to Beijing Hospital and the auditorium of the Babaoshan Cemetery for Revolutionaries to pay their last respects to the remains of Comrade Jiang Nanxiang, a staunch communist fighter, proletarian revolutionary, Marxist educator, and noted leader of the youth movement in our country.

Comrade Jiang Nanxiang died in Beijing on 3 May at the age of 74.

Comrade Jiang Nanxiang's remains were covered with a CPC flag and surrounded by fresh flowers and cypress branches.

Accompanied by funeral music, Zhao Ziyang, Li Peng, Peng Zhen, Qiao Shi, Yao Yilin, Wang Zhen, Li Tieying, Wu Xueqian, Song Ping, Wang Ping, Liu Lantao, Jiang Hua, Li Desheng, Yu Qiuli, Chen Xilian, Hu Qiaomu, Duan Junyi, Ji Pengfei, Xi Zhongxun, Peng Chong, Yan Jici, Lei Jieqiong, Wang Hanbin, Liu Fuzhi, Kang Keqing, Zhou Peiyuan, and Hu Chun, as well as Comrade Jiang Nanxiang's friends, bowed before his remains to express their mourning for him and paid their last respects to this member of the Central Advisory Commission and the first vice president of the Central Party School.

Wreaths were sent by Deng Xiaoping, Yang Shangkun, Chen Yun, Wan Li, Li Xiannian, Deng Yingchao, Nie Rongzhen, Li Ximing, Hu Yaobang, Bo Yibo, Song Renqiong, Wang Shoudao, Wu Xiuquan, Li Yimang, Yang Dezhi, Xiao Ke, Song Shilun, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Chen Pixian, Geng Biao, Huang Hua, Huang Zhen, Kang Shien, Cheng Zihua, Ye Fei, Song Jian, and Fang Yi as well as by the Central Advisory Commission, the General Office and Organization Department of the CPC Central Committee, the Central Party School, the State Education Commission, and Qinghua University.

Hu Qili and others sent messages of condolence to express their mourning for the deceased. Peng Zhen, Qiao Shi, Hu Qili, Yao Yilin, Wang Zhen, Bo Yibo, Song Renqiong, and others visited Comrade Jiang Nanxiang in the hospital while he was seriously ill.

Li Peng Commends Geological Workers
OW2605202888 Beijing XINHUA in English 1000 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA) — Premier Li Peng called on Chinese geologists and geological prospecting teams to work harder and find more minerals for the country.

Li Peng made the call at a meeting with participants of a national conference commending more than 120 advanced collectives and individuals working on the forefront of geology and mineral resources.

Present at the meeting were Hu Qili, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, Rui Xingwen, member of the secretariat of the party Central Committee, and Wen Jiabao, alternate member of the Secretariat.

Wu Xueqian, Xi Zhongxun at Beijing Hotel Fete
OW2605020888 Beijing XINHUA in English 1505 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA) — Beijing Hotel, the oldest hotel in the Chinese capital, celebrated its 88th anniversary with a ceremony here this evening.

Among the 400 Chinese and foreign guests at the celebration were Vice-Premier Wu Xueqian and Vice-Chairman of the Standing Committee of the National People's Congress Xi Zhongxun.

Set up in 1900 by two Frenchmen, Beijing Hotel was originally an old-style Chinese compound. It has been since expanded to a modern hotel with 1,200 apartments in three buildings.

Beijing Hotel has received many visitors, including state visitors and government leaders. Last year it won the "purple forbidden cup": the top honor for hotels in the Beijing area.

The celebrations will last until May 30 when visitors will have a chance to enjoy fashion shows, cooking demonstrations, qigong exercises and other entertainment.

Problems Caused by Price Reform Discussed

'News Commentary'

HK2605142788 Beijing ZHONGGUO XINWEN SHE in Chinese 0924 GMT 25 May 88

["News commentary" by ZHONGGUO XINWEN SHE commentator Si Hua (2448 5478): "China Is Determined To Solve the Difficult Problem of Price Reform"]

[Text] Beijing, 25 May (ZHONGGUO XINWEN SHE)—When meeting foreign guests in recent days, Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, and other leaders have talked about the price problem. This shows that, after making careful consideration and weighing the pros and cons, the top Chinese policy makers have decided to take the risk and cross the difficult barrier.

The price problem is the most difficult problem China has confronted in the course of reform. The implementation of the long-standing policy of low commodity prices rigidly laid down by the government has made the selling prices of commodities seriously depart from their actual value. This is quite detrimental to the development of production. Now that the price relations should be straightened out, it is necessary to adjust the prices of some commodities in order to enhance the enthusiasm of producers and operators. However, this will make it difficult for the common people to withstand the strains economically and psychologically. The reform practice over the past 9 years shows that it is extremely difficult to handle this contradiction well.

Among the common people on the mainland, the following remark is now prevalent: "We thank Deng Xiaoping for increasing our pay and we thank Mao Zedong for not raising the prices." In truth, it is impossible to meet this aspiration of the common people. Commodity prices have become a hot topic of discussion among the urban and rural people. If we do not handle them well, they will affect social stability and thus make it impossible to carry out the reform. Some economists are reportedly deeply worried about this and advise the decisionmakers not to pull, for the time being, the sensitive nerve—commodity prices.

The price problem cannot be avoided and there is no getting around it. In their talks the leaders have jointly pointed this out. Zhao Ziyang said China "has reached a stage where it will retreat if it does not advance. Instead of retreating, it should only advance. Advance means victory while retreat will only make things unmanageable." Yang Shangkun said: "Retreat may result in the total failure of reform." "It is necessary to cross this barrier." Deng Xiaoping even asserted: If we do not take the step of price reform, it will be impossible for China to reach the level of countries with intermediate development. He vigorously maintained that "we should be a little bolder and should not be afraid of risks."

China's current economic conditions are good. They have been provided with the necessary conditions to conduct price reform. The reform of nonstaple food prices has been launched in various places and the problem of raw materials will be solved later.

Although the resolve has been made, the specific measures still seem to be very cautious. Li Peng, who presides over the State Council, stressed that this is a fairly long-term task. He has also promised the people that each reform will be conducted within the people's capacity to withstand the strains.

Called 'Formidable Barrier'

HK2605135888 Beijing ZHONGGUO XINWEN SHE in Chinese 1222 GMT 23 May 88

[Text] Beijing, 23 May (ZHONGGUO XINWEN SHE)—The advance of price reform, including the reform of food prices, on the Chinese mainland is drawing the attention of all quarters. This is undoubtedly a formidable barrier which is most difficult to cross and which must be crossed in the course of reform.

The contradictions and problems that have cropped up in food supply and demand have been called "labor pains" in the course of reform. The government is determined to press forward with the reform of food prices in an effort to "disperse the cold winter night and usher in the beautiful spring morning," straighten out the price system, and enable the reform to run on smoothly.

Since the founding of the PRC we have brought the "food" problem out into the open on two occasions. One was in the early days of the People's Republic. At that time imperialism enforced an economic blockade against our country and some unscrupulous people took advantage of the opportunity to hoard grain for speculation. The other was during the difficult 3-year period in the early 1960's. At that time natural and man-made calamities resulted in food shortage. This is the third time people have shown concern over the "food" problem.

Unlike the previous two occasions, this is not a problem of "having enough to eat" but one of "eating better." Instead of a problem of grain, it is a problem of meat, of food patterns, of what to eat in greater quantity, and what to eat. It is a problem of how to rationally widen the differences in the people's consumption levels. The people are concerned about the supplies of meat, poultry, eggs, and vegetables and about price fluctuations.

It should be admitted that over the past 30-odd years we have consistently adopted an equal-distribution and low-price policy toward food supplied to urban residents, which has developed into a welfare-type distribution system. The government has shouldered an increasingly heavy burden subsidizing the price disparities. Moreover, the rural reform has initiated the price lever and the peasants have begun to react to, and make a choice about, prices and markets.

For this reason food supply and demand and food production and consumption must be regulated through price reform, to reduce social repercussions. There is no "getting around" the price reform. If we do, we will certainly take the road back.

Deng Xiaoping recently said: The price problem must be solved. If we do not take this step, it will be impossible for China to reach the level of countries with intermediate development by the middle of the next century.

The government has set about conducting price reform, making the most sensitive food prices the first target of attack. This shows that the government has a strong determination. Moreover, people notice that the government has preserved some principal subsidies and adopted measures so that the living standards of the people in the cities will not be lowered. This is at once a resolute and prudent act aimed, while boldly crossing the barrier, at reducing social repercussions and increasing the capacity of the society to withstand the strains so that the reform can steadily develop.

Article Comments on Ownership System Reform
HK2605131188 Beijing GUANGMING RIBAO
in Chinese 5 May 88 p 3

[Article by Rong Jian (2837 0494): "Political Effects of the Reform of the Ownership System"]

[Text] Since the reform of the political system was put on the agenda, a problem that calls for an urgent solution has been: On what kind of an economic basis can

democratic politics be established? An answer to this problem obviously calls for a comprehensive study of the relations between the economic reform and the political reform, and especially for studying the political effects of the reform of the system of ownership.

The Limitations of the System of Private Ownership and the Superiority of the System of Public Ownership
[subhead]

As a component of the political superstructure, democracy is built on a given economic base. As far as the study of how a thing happened is concerned, the emergence of any democratic form in history was internally related to the development of the commodity economy. Marx pointed out: "If, given an economic form and an exchange, overall equality between subjects is established, then contents, that is, personal materials and material goods that people are urged to get involved with in exchange, mean the establishment of freedom. It can be seen that equality and freedom are respected in an exchange, with the exchange value as the basis. Moreover, the exchange of the exchange value is the basis for the emergence and realization of all that equality and freedom stand for. In terms of sheer concepts, equality and freedom are just an idealized manifestation of the exchange of the exchange value. As something developed in legal, political, and social relations, equality and freedom are nothing but such a basis as obtained by using one more multiplier." ("Collected Works of Marx and Engels," Vol 46 (first part), p 197). The history of democratic development has entirely proved out such an exposition by Marx. The emergence and development of ancient Greece democracy and especially of bourgeois democracy was, to quite a large extent, restricted by the degree of development of the commodity economy. The natural economy, on the contrary, provided the most genial soil for feudal despotic politics of the Middle Ages, thus bringing about an overall reaction against democracy.

Then, why did ancient Greece democracy and bourgeois democracy fail to generate political equality common in all society on the basis of the commodity economy? This was because the system of private ownership similarly formed the economic basis of these two democratic forms. In "Politics," Aristotle contended that a prerequisite for involvement in politics is full "leisure" enjoyed by freemen. This can only be guaranteed by the slave system. The slave system provided a basis for the parasitic life of freemen, enabling not only the aristocrats but also the common people to drift beyond the economic process and to take city-state political life as a main component of personal life. The thriving of ancient Greece democracy and even of art, had much to do with the freemen of ancient Greece "doing no work." On the contrary, "hired slaves were oppressed by poverty and had 'no time to bother about democracy' and 'no time to bother about politics'" ("Selected Works of Lenin," Vol 8, p 245) In the era of capitalism, the capitalist commodity economy has private ownership as a prerequisite for its existence. The form of exchange of commodities

at equal value covers up the greatest inequality, that is, capital exploitation of hired labor. In criticizing the argument of bourgeois economists, who used the general relations of the commodity economy to justify capitalist relations of exploitation, Marx said: "In existing capitalist society as a whole, commodities find expression as prices, and commodity circulation, and so forth. This is only a superficial process. Behind this process and deep under, what goes on are some other processes entirely different. In these processes, equality and freedom between people that appear on the surface melt away." ("Collected Works of Marx and Engels," Vol 46 (first part), 200). It can be seen that given the capitalist system of private ownership, the commodity economy has only created in form and not in essence a kind of economic equality. On the basis of these seemingly equal but actually unequal economic relations, the relations of thorough political equality cannot possibly be really established. This shows that the problem of ownership, as far as the social political system is concerned, is a more fundamental one. "Control of workers economically by those with a monopoly of the means of labor, or the fountain of life, is the basis for all forms of enslavement, or for all social poverty, mental humiliation, and political attachment." ("Selected Works of Marx and Engels," Vol 2, p 136). Therefore, the author of Marxism always held that the most fundamental prerequisite for the establishment of a new type of proletarian democracy is the elimination of the system of private ownership.

An important result of the socialist revolution is the establishment of the system of public ownership of the means of production. This is the fundamental basis for the masses of people being masters of the house. It is also where the main basis lies for the proletariat creating more advanced democracy than the bourgeoisie. For the masses of people to control the social means of production is to lay hold of the right to work independently, wrest the capital of the "exploiters," and establish the relations of equality in the economic field. In a word, this means restoring the position of the masses of people as masters of the state and society. On the basis of the socialist system of public ownership, we must naturally establish a political superstructure commensurate with it. The relations of overall equality involving the masses of people in the economic field, and their position as masters of the house must naturally be reflected in the political area. The establishment of a political system, with the people's democracy as the fundamental content, will naturally become the fundamental demand of the socialist system of public ownership and the masses of people. Lenin said: "Socialism based on the economy is never summed up entirely as the economy. ...There must be such a basis as socialist production. But on this basis, there must also be a state organization, a democratic army, and so forth." ("Collected Works of Lenin," Vol 22, p 319) Only in this way can the fundamental interests of the masses of people not be encroached upon by any political influence. And only in this way can the common will of the masses of people appear in the form of state will.

The great political effects of the system of public ownership have been universally embodied in the socialist state. Since our country's fundamental completion in

1956 of the socialist transformation of the system of private ownership of the means of production, the socialist system of public ownership established throughout the country has played a decisive role in establishing a political system with the people as masters of the house, and in thoroughly destroying the remnants of feudal political organizations. It has ensured that socialist democracy could avoid the fundamental defect of a system being controlled by a small number of people and being manipulated by money that bourgeois democracy could not avoid.

Actual Difficulties Confronting the System of State Ownership [subhead]

While fully affirming the great superiority of the socialist system of public ownership, we should also recognize that such superiority has not been brought into full play, given the trammels of the traditional socialist economic system. Such a state has not only affected the development of socialist productive forces but also hampered the development of democratic politics. This problem of a low degree of political democratization that for a fairly long period of time universally existed in socialist states is internally related to the defects inherent in the traditional economic pattern.

For a period of time after the victory of the proletarian revolution, the system of public ownership chiefly found expression in the form of the system of state ownership. This was highly necessary at that time. But people have formed a misconception therefrom that the state will, like before, decide on all social activities. Also, given a dogmatist interpretation of the relevant thinking of authors of classics and the influence of feudal traditions, people have universally treated the state as an omnipotent force, with the formation of the concept of the state deciding society. Dictated by such a concept, we, for a fairly long period of time, practiced an economic system of highly concentrated power, with the state intervening in all economic activities. There actually formed a kind of coercion going beyond the economy. The basis for this mechanism of coercion going beyond an economy is the system of state ownership.

As a form to realize public ownership, the system of state ownership has a hindering effect on the long-term development of the socialist economy and politics—an effect that cannot be overlooked.

First, in the system of state ownership, given the possession of the means of production by the state as the full representative of society, there is the lack of a kind of relations of direct possession between members of society and the means of production. This has brought about the phenomenon of the "absence" of the subject where ownership is concerned. There has formed an antinomy, with everyone possessing the means of production and yet not directly possessing such means. The position of the masses of people as masters of the house is objectively weakened.

Second, on the basis of state ownership, there is naturally established an economic system of highly concentrated power with the state interfering in all economic activities. Politics becomes merged with the economy as one. The use of the way of exercising administrative leadership to organize the social economic process has turned an economic organization into a political one, and economic character into political character.

As a result, unlimited political interference with the economy inevitably runs counter to the fundamental law governing the independent development of the economy.

The above defects of the system of state ownership naturally seriously repress the development of the commodity economy. This means repressing economic conditions on which democratic politics relies for its emergence and development. The weakening of the social sense of democracy, sense of freedom and sense of equality is directly related to a downturn in the commodity economy. Moreover, the use of political and administrative means to make unusual intervention in all social fields by the state on the basis of direct possession of the means of production naturally gives rise to the relations of individuals being attached to given political organizations. The interests and demands of different social classes and strata, or the masses can only be reflected through the only political channel. Various contradictions and conflicts within society also can only be solved in a political manner. As a result, given the strengthening of politics, the economy actually becomes an appendage to politics. This leads to the worship of power, or power fetishism. An individual's social position is chiefly determined by his political position. His success or failure also chiefly depends on measurement by the political yardstick. The concept of political power becomes a social measure of the highest value. Political power becomes the best shortcut to economic interests. That bureaucracy has for a long time been difficult to thoroughly overcome in a socialist state has unusually close relations with the traditional system of state ownership and system of management. In profoundly summing things up in this regard, Comrade Deng Xiaoping pointed out that as a longstanding and complicated historical phenomenon, bureaucracy "is closely related to our long-held view that the socialist system and the system of planned management must impose a management system of high concentration of central power on the economic, political, cultural and social fields. Our leadership organs at all levels have bothered about things, which they should not take care of, which they cannot properly handle, or which they cannot cope with in terms of sheer volume. So long as there are relevant rules and regulations, these things should be passed on to the lower levels, or left to enterprises, institutions, and social organizations. Let them do the things themselves really according to the system of democratic centralism. These things are actually very easy to handle. But with them all brought to Party and government leadership organs and to central departments, they become a headache. None would have the

needed energy to cope with such a heavy volume of complicated and new work. This can be described as a main cause of the disease of bureaucratism now unique to us." ("Selected Works of Deng Xiaoping," pp 287-288) If we do not thoroughly get rid of this main cause of our disease, socialist democratic politics can hardly be developed in an overall manner.

The Reform of the System of Ownership and Socialist Democratic Politics [subhead]

From above, we can see that the system of state ownership in the traditional economic system is only a primary form of public ownership. It has not allowed and cannot allow the full development of the great superiority of the system of public ownership. It can hardly guarantee the position of the masses of people as masters of the state and society. Therefore, in establishing socialist democratic politics, we must reform the system of state ownership.

At present, theory circles have tended to become unified in their understanding of the form to realize public ownership and of the internal structure of the socialist system of ownership. They realize that public ownership is not just one form and, instead, assumes many forms. They also realize that on the basis of upholding public ownership as the core, we can practice many systems of ownership at the same time.

But there is no consensus on the future ahead of the system of state ownership. I think that because the system of state ownership has fundamentally completed such a historical task as the socialist transformation of the system of private ownership, and because it has in the traditional system increasingly shown its defects that are difficult to overcome, the reform of the system of state ownership must develop in the direction of thorough social ownership.

The system of social ownership, in Marx's opinion, is a thorough form of public ownership. Its essence lies in the practice of individual possession on the basis of common possession, that is, "the establishment of a system of individual ownership on the basis of cooperation and common possession of land and the means of production with labor itself relied upon for production." ("Selected Works of Marx and Engels," Vol 2, p 267) Of course, the concrete form to realize "social ownership" remains to be extensively explored in regard to practice and theory. At present, people are concerned about and exploring the "stockholding system," the "system of enterprise ownership," and the "system of collective ownership." The great significance of this theoretically lies in its indication of a transition from the system of state ownership to the system of social ownership.

What political effects will the reform of the system of ownership, with state ownership as its main target, produce? This can be viewed in light of the three following aspects.

First, we must lay an economic basis for independent political character. The subject in democratic politics must have independent political character. The formation of such character depends on independent economic character. The formation of independent economic character, in turn, depends on the relations of ownership of the means of production. In the traditional system of state ownership, state monopoly of the means of production, on the one hand, leads to social individuals taking a detached and laissez-faire attitude toward social property or state property. On the other hand, it leads to full dependence by social individuals on the state. Thus, given a lack of independent economic interests and political demands on the part of social individuals, it is difficult to form in an overall manner the relations of society deciding the state and controlling it. The transition from state ownership to social ownership will fundamentally eliminate the economic basis on which the state relies for its unusual intervention in the system of social ownership, allow the re-establishment of the relations of direct ownership between social individuals and the means of production, and restore the independent economic character of social individuals, enabling them to rid themselves of reliance on the state. With profound changes in the relations of ownership, there will naturally appear a new situation marked with pluralistic interests. Reflected in the political field is the pluralization of politics. This is because all social individuals have their own independent economic interests and want to protect them politically. The pluralization of these interests and the pluralization of politics will be an important driving force behind the development of socialist democratic politics.

Second, we must establish a social mechanism of equality. A prominent feature of the traditional economic model is its "political character" and "hierarchical character." Through political means, the state hands down, from level to level, mandatory plans to arrange economic activities for all society, and rules out completely the market mechanism. The state uses the way of exercising administrative leadership to command enterprises and uses administrative levels to weigh and decide the relations among various organizations in society. This objectively leads to the appearance in society of an order marked with a clear distinction between ranks, thus putting a great obstacle in the way of the development of democratic politics. The reform of the system of ownership is conditional on a fully developed market and completely does away with an enterprise's link with the state in regard to vertical and administrative dependence, providing for an enterprise a ground for horizontal and equal development. Guided by the state, the market regulates itself by complete reliance on the law of value. The principle of exchange at equal value is a measure of its highest value. Here, no feudal privilege can produce its essential effect. On the contrary, the market keeps eating away at the mechanism of coercion that goes beyond the economy, and weakening the economic basis for bureaucracy.

Economic equality that comes with the market will pave the way for political equality. Social consciousness of a citizen, consciousness of equality, consciousness of freedom, consciousness of rule by law, and consciousness of independence will grow in such a cradle as the market.

Third, we must create and train a main force representing democratic politics. The direct beneficiary of the reform of the system of ownership is an enterprise. In the traditional system of state ownership, an enterprise does not qualify as a legal entity. It is instead an organization at a given level in the state's administrative system. Through the way of exercising administrative leadership, the state directs all enterprise activities, allowing only the development of an enterprise according to the "political law." Such relations of an enterprise being administratively attached to the state not only leaves it passive and helpless in economic development but also seriously weakens its initiative to participate in politics. If the current economic reform is to fundamentally change the current state of enterprises, we must start with the relations of property rights, enabling enterprises to be converted back from political organizations into economic ones and really bringing about the "separation of government administration and enterprise management," with the restoration of the position of an enterprise as a legal entity. Only in this way, can enterprises have a sense of independence and independent demands while involved in politics. And only in this way can they do away with free manipulation from the administrative side, thus becoming an important core force in building democratic politics.

Economist Gives Warning About Inflation Policy
HK2505132588 Beijing RENMIN RIBAO
in Chinese 13 May 88 p 5

[Article by Ma Bin (7456 6333): "It Is Inadvisable To Accumulate Capital by Taking Advantage of Inflation"]

[Text] On 8 April 1988, RENMIN RIBAO published an article written by XINHUA reporter Comrade Cheng Wanquan entitled "Causes of Commodity Price Rises, and Measures for Stabilizing Commodity Prices—Views of Economic Theorists in the Capital." I have some different opinions after reading this article.

First, this article repeatedly stressed: "The economists maintain that the causes of price rises are highly complex and cannot be explained merely by saying that gross demand has exceeded gross supply, or that there is an oversupply of currency." Therefore, the article quoted some "non-currency factors" for the price rises.

In fact, the term "price rise" is rather confusing. It can refer to the price change of a special product, and it can also refer to a rise in the general price level. Perhaps all "economic theoretical workers" know that there are concrete reasons for the rise in some products' prices, but the factor that directly causes a rise in the general price level is certainly the oversupply of currency, which

makes demand, or purchase power, exceed the supply of goods. I know that many economic theoretical workers have pointed out the fact that the supply of currency increased every year after 1984 and the prices of consumer goods and production materials also rose continuously, and they linked these two phenomena with each other and proved that the rise in the general price level in the past few years was directly related to the continuing oversupply of currency. Of course, there were more profound reasons for the oversupply of currency.

The article introduced a number of viewpoints for analyzing the causes of the price rise. One of them was called the "theory of structure," which held that price rises in our country in recent years were caused by the change in production structure. However, the rise in the relative prices of some products (such as food products) or price rises in a certain locality or in a certain season may temporarily affect the general price level, but such structural price rises do not necessarily raise the general price level steadily. Therefore, the "theory of structure" cannot fully explain the rise in the general price level. Another viewpoint was called the "theory of periodic fluctuations," which held that the price rise in 1987 was mainly reflected in the price of pork and other foodstuffs. That price rise was caused by the periodic fluctuation in agricultural production every 4 to 5 years and the "cobweb fluctuations (zhu wang bo dong 5753 4986 3134 0520)" in pig production. As we know, the periodic fluctuations in agricultural production or the "cobweb fluctuations" in pig production will merely cause price changes in a certain category of products and at most cause periodic price rises in some products, and this theory cannot explain why the general price level has kept rising in recent years.

After covering these opinions on the causes of the price rise, the article introduced a number of corresponding countermeasures. I agree that necessary measures should be adopted to regulate the production and supply of some specific products. However, if we do not take the fundamental measure of controlling the supply of currency and restraining the gross demand in society and then improving the conditions of supply on this basis, we will not be able to check the continuous rise in the general price level.

Second, and more noteworthy, is that the article quoted the opinion of some economic theoretical workers who held that in our country, "since price rises are unavoidable, we should make use of inflation to accumulate funds for adjusting our production structure." In recent years, different opinions have existed on the monetary policy. Some people said that too much currency was supplied, but others still deemed the supply of currency to be insufficient. People have also debated whether credit has swollen or has been tightened too much. However, no one directly mentions that inflation can be used to accumulate funds and adjust the production

structure or to support high-speed growth. Obviously, this issue has gone beyond the scope of the price issue discussed by that article, and concerns the overall economic policy.

Worldwide, the history of inflation shows that the illusion of using inflation to support high growth and high consumption has been shattered. In today's world, no government dares to announce that it is going to pursue an inflationary policy. What is inflation? It is the depreciation of currency and general price rises caused by the state's excessive issuance of banknotes which exceed the actual economic need. The economic development experiences of various countries show that when the supply of currency increases, this can stimulate economic growth for a short time, and the increase in demand might promote production; however, the effects do not last long. The continuous rise in the general price level can cause an uncertain environment for the production and operation of enterprises. Then, entrepreneurs cannot concentrate on raising productivity, improving product quality, and lowering production costs; instead, they will be lured into hoarding raw materials and raising product prices. Workers do not immerse themselves in hard work, but try to seek more "quick gains." Many people are lured into engaging in speculative activities in order to profiteer. Once an economy has begun to slide along the path of inflation, it can be very hard to move back and the public may have to endure great hardship if this tendency is to be checked. In addition, under the conditions of inflation, it is impossible to effectively reform the unreasonable price structure. Any price decontrol measure may lead to rapid price rises, and the authorities will have to backtrack to the old path of supplying goods on rations and to restoring the old management systems.

At present, the budgetary finances of the central government are not as great as the extrabudgetary financial resources outside the control of the central government. That is, the financial resources in our country are rather scattered. As the article said, some people hold that inflation can be used to "accumulate part of the funds for basic industries" and to "offset the adverse influence of the short-sighted behavior of some enterprises and the distribution of income which inclines too much to consumption." Of course, the intention of accumulating necessary funds for developing basic industries is good. However, it is just wishful thinking to try to use inflation to increase the funds in the hands of the state for priority construction. If we pursue an economic policy of inflation, we will just damage production at the root and throttle our economic structural reform.

The viewpoint quoted by that article affirmed that serious "unfairness" exists in the present distribution pattern and held that inflation could change this state of affairs. "The wages of people who have no additional income and who make rather big contributions to society should be raised so as to readjust the interests of various social strata." This may just lead to an opposite result. The historical facts of inflation in other countries and in

our country in recent years showed that when prices and wages took turns to rise, both wage earners and entrepreneurs who were engaged in normal business suffered losses, and only speculators were able to profit. Therefore, inflation will never remedy any unfairness in the distribution of social wealth, and will just lead to an opposite result.

The article also quoted an opinion which held that "the policy of allowing a certain degree of inflation will lead to compulsory savings in the national income, thus accumulating some funds for the basic industries." This is a dangerous idea and sheer wishful thinking. At present, the savings of urban and rural residents have increased at a rate of over 30 percent, and the balance of savings by the end of 1987 exceeded 300 billion yuan. Part of these savings can be regarded as compulsory savings. Most of this huge amount of savings is deposited with the banks as current accounts or short-term time deposits. The money is not put in the bank treasury as ready cash; instead, the savings has been mostly loaned out by the banks. If the savings are used for capital investment, once the public begins to withdraw a large amount of money from the banks, the banks will immediately fall into a difficult position. Then, the authorities just have to print and issue more banknotes. This will further intensify inflation and bring about the danger of runs on banks or on various commodities.

The adoption of a policy of inflation will lead to economic disaster and social unrest. There are too many lessons on this point in history. To ensure the healthy development of our construction and reform, we must be very careful on this issue and must not act recklessly.

Economic Information Network Links Nation
HK2405081788 Beijing CHINA DAILY
in English 24 May 88 p 1

[By staff reporter Li Xing]

[Text] China has set up a computerized economic information network that covers 28 municipalities, provinces and autonomous regions (excluding Hainan and Tibet) and more than 40 major cities in the country.

The network was developed to turn the management information system into a decision-support system during the Seventh Five-Year Plan (1986-1990), State Councillor Li Tieying said at the Beijing session of the Data for Development International Association (DFD), which opened yesterday.

Such a highly efficient information system will provide scientific analysis, economic information and feedback for government institutions in policy and decisionmaking, Li said.

For more than 30 years since the founding of New China in 1949, China depended mainly on analysis of economic conditions and development in its policy-making.

The use of mathematical models to study economic data was not widely applied in government management and the decisionmaking process, said Ding Diqing, deputy director of the State Economic Information Centre (SEIC). They were branded as capitalistic and considered too objective to be taken into account, he said.

China started to build a national economic information network in 1984. The main system is made of SEIC branches and similar centres at provincial and county levels and in major cities.

The network now has 39 computer centres with more than 4,500 trained technical and management personnel. The centres are equipped with 52 large and medium-size computers.

The SEIC has a data bank that stores about 40,000 indexes and 2.5 million items relating to the national macro-economy.

At the current DFD Beijing session, more than 170 participants from about 20 countries are discussing strategies and methods to plan, design and implement information systems, especially-economic data systems used in public administration.

Legal System Helps Boost Foreign Investment
OW2605045288 Beijing XINHUA in English 0703 GMT
25 May 88

[Text] Beijing, May 25 (XINHUA) — The establishment of a local legal system in the Shenzhen Special Economic Zone is giving foreign businessmen greater confidence to make investments there, the overseas edition of "PEOPLE'S DAILY" said today.

The zone has enacted 171 statutes covering a gamut of concerns from land management to bankruptcy.

The 120,000 workers at foreign-funded enterprises are being taught an appreciation of the law while contract disputes are left to the law to solve, too.

The paper cited the Huaqiang Sanyo Company as an example of what law and order can do for a business.

In 1980 the company's management was in disarray. The company's output was 810,000 yuan.

With a campaign of legal education carried out, the company worked out a set of rules and regulations to improve its operation.

Last year the company's output was 180 million yuan and profits were 10 million yuan, the paper said.

'Courtyard' Economy Benefits Farmers
*OW2305204588 Beijing XINHUA in English 1344 GMT
23 May 88*

[Text] Beijing, May 23 (XINHUA) — The "courtyard" economy by which farmers cultivate crops or raise animals in the courtyards in front of their houses has been growing nationwide and is benefiting the farmers greatly, according to the "SCIENCE NEWS".

The paper said that the economy is important because the country has a big population but limited farmland.

According to statistics, the combined landspace of rural courtyards accounts for 10 percent of the nation's total farmland. The courtyard economy started in 1982.

About 1.1 million farming households in northeast China's Liaoning Province got rich by expanding production in their courtyards in 1986.

As for farmers living in poorer mountain areas in Hunan, Hubei, Sichuan and Guizhou provinces, they found courtyard economy a good way of shaking off poverty, the paper said.

Commentator Views Coastal Development Strategy
*HK2605090788 Beijing RENMIN RIBAO
in Chinese 23 May 88 p 1*

[Commentator's article: "Not Only Study the National Condition but Understand the World as Well—Third Commentary on the Economic Development Strategy for Coastal Areas"]

[Text] Only by understanding the world well can we become active in it.

To implement the economic development strategy for coastal areas, we need tens of thousands of people who not only know China's conditions but also understand the world, who have detailed international knowledge, especially about international commodity exchanges.

In the past 10 years, we have made major progress in studying and understanding our domestic conditions and the international situation. The great practice of reform and opening up enabled us to make this progress, and our better understanding of the domestic and international conditions also promoted the great cause of reform and opening up. However, in general, our study and understanding of today's world are still not sufficient. In recent years, people were very interested in studying our domestic conditions and achieved great results in these studies. However, the study of international conditions was not so extensive and intensive. What changes and characteristics are there in the current world situation? What is the international economic situation? What role shall we play if we are going to step on the world's economic stage? How should we play this role? To be frank, many comrades have little or no

knowledge about these questions. This state of affairs is incompatible with the new situation of expanding the scale of opening up and accelerating the development of the outwardly oriented economy. Many comrades still have doubts and misgivings about the implementation of the coastal economic development strategy, because they know little about the outside world.

Today, to achieve economic development, a country or a region must actively participate in the world's economic activities and make its own economy part of the world's economy. If we do not understand the world, we will not be able to identify China's position in the world's development, or adopt proper policies and measures to increase our gains and avoid losses in light of the changes in the international environment, thus we will not be able to become active in the world. A major factor for the central leadership in making the decision to expand the scale of opening up and implementing the coastal economic development strategy is its viewpoint on the new tendency of peace and development in the world history. In 1985, Comrade Deng Xiaoping pointed out: "In today's world, the really big issues or the global strategic issues are the issue of peace and the economic issue. The issue of peace is related to East-West relations; and the economic issue is related to North-South relations. So, things can be summed up in four characters, namely, East, West, North, and South. The issue of North-South relations is a central issue." Recently, East-West relations have been somewhat improved, and a certain degree of detente has appeared in the international situation. Although there is still unrest in the present world and the world will still have to traverse a long, arduous, and tortuous road to really realize detente, the world situation in general is developing in a direction that is favorable to the world's people and favorable to our country's reform and opening up. With East-West relations being eased, the issue of North-South relations is becoming more prominent. Because the new technological revolution is vigorously developing throughout the world, the world's industrial structure is changing a great deal and the market competition is becoming more and more intense. The developed countries, the developing countries, as well as the Soviet Union and the socialist countries in Eastern Europe, are all stepping up adjustments and reforms and are doing their best to promote economic development. The development of the international situation provides both favorable and unfavorable conditions for us, it gives us a good opportunity and also presents a stern challenge to us. If we do not realize this point, or simply neglect it, or draw an erroneous conclusion, then we will miss this good historic opportunity and fail to adopt correct policies to meet the historic challenge. In the late 1950's and late 1960's, the world underwent two rounds of large-scale industrial structural adjustments, which provided good opportunities for us to develop our domestic economy, but we missed all these opportunities. A major reason was that we lacked a good understanding of the world situation and drew a wrong conclusion. We should keep these historical lessons in mind.

If we do not understand the world, we will not be able to really and deeply understand China's conditions. For example, there is a large surplus labor force in China's countryside, and it is hard to shift this surplus labor to other industries. If we close the door to consider this issue, we may regard it as a heavy burden; but if we open the door and notice the world's new tendency of shifting labor-intensive industries to areas with low labor costs, then we will find that the abundant labor is a potential advantage of our country and it can be turned into huge wealth under certain conditions. To understand our national conditions and to understand the world are two tasks for us in the implementation of the coastal economic development strategy and in the entire process of socialist modernization. These two tasks are equally important. If any one of them is not properly fulfilled, the other will be adversely affected. So these two tasks should be combined. Comrades who study the domestic situation and those who study the international situation may find that those who specialize in domestic studies may easily neglect the development of international affairs, and those who specialize in international studies may neglect domestic conditions. In such cases, we will not be able to achieve the purpose of combining the studies in the two aspects so as to serve the practice of reform and opening up. Only by associating domestic studies with international studies can we broaden our vision and acquire comprehensive and profound understanding of both domestic and international issues.

To better understand the world, we should have a number of specialists who have a good command of all aspects of international affairs, and should have a large number of personnel who have a good knowledge of the international economy and international markets and who are good at associating with and doing business with overseas businessmen. Meanwhile, we should also conduct constant education in international knowledge and popularize this aspect of knowledge. We should prompt our people, especially CPC members and cadres, to pay attention to the development and changes of the international situation, to be good at learning from other nations' advanced experience, and to master all necessary skills and knowledge for participating in international economic activities. Of course, we cannot wait until we complete the training of sufficient competent personnel or until we command all the necessary skills and knowledge before we begin to take action. As an old saying goes, we still have to learn in the course of work and improve ourselves in the course of work. The vivid and rich practice of reform and opening up is a good school for us. All diligent students will learn everything they need in this school.

Chen Junsheng on Developing East Coast
OW2305150188 Beijing XINHUA in English 0606 GMT
23 May 88

[Text] Beijing, May 23 (XINHUA) — The state strategy to develop China's east coast into an export-oriented area is also aimed at promoting the development of poor areas in the west, State Councillor Chen Junsheng has said.

Instead of asking the poor areas to rely on their own efforts with state funding, the efforts of both the rich eastern open areas and the poor middle and western areas should be pooled together to bring prosperity to the latter in the shortest time possible, CHINA DAILY quoted Chen as saying.

"The poor areas are rich in natural resources, while developed areas are superior in technology and talented people. The only way to bring out the best of each of them is to put their strong points together," said Chen, who is also leader of the group in charge of the economic development of poor areas under the State Council.

"Only on that basis can the superiority of middle and western areas in natural resources be turned into economic results," he said.

The economic development of the east and west has long been characterized by both unity and contradiction. What we face now is the need to expand the unity and solve the contradiction, Chen said.

He said a complete set of preferential and mutually attractive economic policies should be formulated in order to solve the problem.

The bases of these policies, he continued, are equal-value exchanges and mutual benefit. An attempt to resort to purely administrative measures to harmonize east-west relations would hardly produce any desirable results.

He said the poor areas should give before they receive, explaining they may not only import technology and talented people from developed areas, but also create favourable conditions to enable these areas to open companies and launch enterprises either independently or jointly.

Developed areas, for example, may be allowed to set up some model enterprises in poor areas so that the overall economic development of the latter can be promoted, he said.

Public bidding, he said, should be offered to the whole society for launching development projects in poor areas so that competition will promote the development of these areas.

Instead of distributing bank loans by administrative means, Chen pointed out, the limited amount of money should be used as a catalyst for promoting east-west cooperation for the best economic results.

To disperse the concern expressed by some people that the strategy adopted by the party Central Committee and the State Council to build east provinces into export-oriented areas might further widen the gap between the east and west, Chen said that the strategy is in fact one for the development of the national economy as a whole.

"This is because," he explained, "the opening up of the east to the outside world would surely create new opportunities for the west."

Moreover, the east will rely heavily on the west for many raw materials in its development, he said, adding that this is why the exploitation of the West and development of the east has to be promoted side by side.

Coastal Cities May Allow Foreign Bank Operations
HK2605130988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0753 GMT 22 May 88

[Report by reporter Guo Weifeng (6753 0251 1496): "Beijing Financial Figure Says There Is Possibility for Foreign Banks to Set Up Their Offices in Coastal Areas"]

[Text] Beijing, 22 May (ZHONGGUO XINWEN SHE)—"There is possibility for foreign banks to set up their offices in some of China's coastal cities other than the special economic zones." This is a conclusion drawn by Yang Gonglin, deputy director of the treaty and law department of the People's Bank of China, after making an analysis of the achievements and prospects of foreign banks in the special economic zones.

Yang Gonglin said that the foreign banks are running quite well in the special economic zones over the past few years. They are playing a positive role in the economic and financial development of these zones. China's policy of opening up to the outside world will not be changed. The implementation of the coastal economic development strategy will inevitably enhance our links with the international market and promote the international economic cooperation. Most of these links and cooperation are strengthened through exchange of funds. There will be more and more opportunities and good prospects for foreign banks to promote their business in China.

When interviewed by our reporters, some representatives of foreign banks in Beijing also said that they hope China will allow foreign banks to set up their branch offices in its coastal areas other than the special economic zones. There are also signs showing that the Chinese financial circles have been enthusiastically studying this question over the past year. However, Yang Gonglin said that we must be patient and must make positive efforts to create conditions.

Some days ago, at the "symposium on international investment and financial laws" cosponsored by the China Economic Legislation Research Institute, Hong Kong Economic and Law Publishing House, and ZHONGGUO XINWEN SHE, Yang Gonglin listed some conditions for the existence and development of foreign banks in China: First, they must have sufficient import and export trades to support their business; second, they can effectively play their roles only in those

areas with a certain amount of foreign-funded, joint-venture, and cooperative enterprises; third, there must be a certain scope of financial market and diverse financial instrument; and fourth, the problem of getting back the profits earned in Renminbi should be solved. Therefore, it is necessary to select some open coastal cities for setting up foreign bank offices rather than having them established everywhere.

Yang Gonglin continued: At present, there is only a legislation in China for foreign banks and Chinese-foreign joint banks in the special economic zones. If foreign banks are allowed to establish their branch offices in other coastal open cities, a pressing task is to improve the legal system for them, or to extend the range of the current management regulations for the special economic zones, or to work out some local and even national regulations and laws with reference to the current regulations. It is necessary to work out some principled stipulations on the definition of foreign banks and their scope of business as well as on the accounting system, prohibitions, and supervisory system.

Chang Jiang Harnessing Plan Revised
OW2305155588 Beijing XINHUA in English 1127 GMT
23 May 88

[Text] Beijing, May 23 (XINHUA) — China has revised its strategy to harness the Yellow River, by now focusing on reducing the flood risk on the river's lower reaches, today's "GUANGMING DAILY" reported.

The "revised report on the 1955 Yellow River control plan," which was jointly drafted by the Ministry of Water Resources and Electric Power and related State Council departments, calls for a more practical attitude towards harnessing the Yellow River.

Since the river will remain sand-rich in the near future, the report said, priority should be given to controlling floods in upper- and mid-stream, providing outlets for settled mud and sand, and keeping the river under control.

According to the report, only in this way can pressure on the lower reaches be effectively eased.

Experts agree, China has succeeded in flood prevention and in irrigating 5.3 million hectares of fields with water from the Yellow River during the past 40 years.

The 1955 plan, they say, is too optimistic about the speed and effects of harnessing the river, so the strategy needs to be revised.

Construction Bank Expands International Business
*OW2605054088 Beijing XINHUA in English 0951 GMT
25 May 88*

[Text] Beijing, May 25 (XINHUA) — The head office of the People's Construction Bank of China (PCBC) will begin to raise capital abroad, according to an official of the bank.

On the list of new services are handling foreign exchange deposits, loans and remittances, transferring loans from foreign governments and international financial organizations to Chinese firms, extending export credit, providing guarantees in foreign exchange, conducting investigations and offering consultancy expertise.

The PCBC, a state bank formerly specializing in fixed-asset investment, has been expanding its scope and business rapidly. At present, it is not only responsible for managing investment funds from the state treasury, but also for raising funds for key projects under the current five-year plan, for technical transformation and construction projects, as well as work contracted abroad. Several of its local branches have already begun offering foreign exchange business.

"PCBC has many advantages in handling international financial transactions," an official of the bank told a press conference today.

First, it has accumulated a great deal of experience in approving and managing large projects, which will be beneficial for raising funds on international markets.

Secondly, it has been responsible for issuing renminbi loans for most other state projects involving the use of foreign funds. After the international business begins operation, the bank has the ability to offer loans in both Chinese and foreign currencies, thus facilitating the management of the projects.

In 1987, PCBC's total deposits amounted to 82.35 billion renminbi yuan, while loans totaled 99.267 billion yuan. Loans and appropriations from government sources reached 109.137 billion yuan. Total assets at the end of 1987 stood at 277.8 billion yuan.

Second Large Bank To Deal in Foreign Currencies
*HK2605073088 Beijing CHINA DAILY
in English 26 May 88 p 2*

[By staff reporter Shen Feiyue]

[Text] A Chinese national bank announced yesterday that it will branch out to handle foreign currency business as part of its efforts to become the country's largest investment bank.

The People's Construction Bank of China (PCBC), a special bank used to manage State-allocated yuan capital investment, is China's first national bank to be allowed to set foot in this domain of the Bank of China.

Previously, only some local branches of China's four national banks, including the Bank of China and PCBC, were there might be some kind of competition between his bank and the Bank of China in the future. "Such competition is by no means a bad thing. In fact, it will only stimulate both sides to improve their service," he said.

PCBC's new business will cover domestic deposits and loans in foreign currencies, mid- and long-term loans from foreign financial institutions and other international financial services, according to Zhou Hanrong, Vice-President of PCBC.

"Our business over the past three decades has left us with rich experience in evaluating capital investment projects, arranging and managing mid- and long-term loans for the projects. Such experience will be valuable enough in administering foreign loans to achieve good economic results," he said.

Zhou said PCBC will enthusiastically develop relations with foreign counterparts to raise more funds to support China's capital investment in infrastructure and energy construction.

Meanwhile, it will seek opportunities to do business in the international monetary market such as making overseas investment, issuing bonds and setting up joint-venture banks or leasing corporations, he said.

Although still green at international bank business, PCBC has been active in seeking co-operation with foreign financial institutions. So far it has established cooperative and agent relations with more than 20 foreign banks.

Meanwhile, some of its branches have made successful attempts to raise funds from the international monetary market. PCBC's Shanghai Branch has concluded an over \$300-million loan agreement with more than 40 banks in about 10 countries.

Shareholding System Bank Established in Hainan
*HK2605102588 Beijing ZHONGGUO XINWEN SHE
in Chinese 0245 GMT 21 May 88*

[Report: "A Commercial Bank Under the Shareholding System, the First of its Kind in China, Appears in Hainan Province"]

[Text] Haikou, 21 May (ZHONGGUO XINWEN SHE)—The first shareholding commercial bank in China, the Xinghai Bank, has appeared in Hainan Province.

Its shareholders are industrial and commercial banks of cities on a separate listing of the state plan, including Guangzhou, Harbin, Shenyang, Dalian, Qingdao, Xian, Wuhan, Chongqing, and Ningbo.

With a registered capital of 200 million yuan (comprising \$5 million), this bank will provide domestic and international banking services, issue loans for use in circulation funds, handle investments in fixed assets, and deal in trust, insurance, investment, leasing, consultant, safe deposit, and real estate businesses.

The shareholders of this new bank said that the bank will strengthen its fund accommodation network, simplify procedures for loans, form fund accommodation hot links between these cities and Hainan, and handle shares, bonds, and bills of exchange.

Development of Shipbuilding Industry Reported
HK2305114288 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0755 GMT 12 May 88

[Report: "Rise of China's Shipbuilding Industry"]

[Text] Hong Kong, 12 May (ZHONGGUO TONGXUN SHE)—In early May, a 118,000-ton oil tanker ordered by the previous shipbuilding power Norway was launched at a shipyard in Dalian. This 260-meter-long oil tanker is so far the largest vessel built by China. After checking this ship, Norwegian experts described it as the "most advanced ship in today's world." Chile also ordered two 62,000-ton oil tankers, and one of them was completed and launched by Hudong Shipyard in Shanghai 3 months ago. This shipyard also concluded a contract of building two 52,000-ton oil tankers with refining facilities for Japan. In February this year, another shipyard in Shanghai, Jiangnan Shipyard, signed a contract with an American company to build two 65,000-ton cargo ships.

When the world's shipbuilding industry fell into a recession, China's shipbuilding industry was rather prosperous. By early this year, the orders received by the shipyards in Shanghai alone could ensure their production in full capacity for 3 years. The orders include the building of more than 20 ships with a total tonnage of more than 300,000 tons. Dalian Shipyard received orders for building 18 advanced ships with a total tonnage of 630,000 tons in the past 8 years. This year, the shipyard will complete the building of four ships with a total of 330,000 tons.

Before 1979, mainland China did not export any ship; however, in the 8 years up to the end of last year, the total tonnage of exported ships reached 1.9 million tons, and the ships were bought by more than 20 countries and regions. As official sources said, "China has developed more than 200 new ship models, and now can build ships that comply with standards of all countries, that can sail in all regions, and that hoist flags of any country." Recently, Hesijinsen (6378 2448 6855 2773), Chairman

of Lloyd's, predicted that China will become a major force in the world's shipbuilding industry in the future. An American shipbuilding authority also held that China will become another shipbuilding center of the world in 10 years' time.

For a long time in the past, the world's shipbuilding industry was monopolized by Britain, Norway, and a small number of Western countries. In the 1960's, Japan's shipbuilding industry began to rise to the leading position in the world, and in the late 1970's, South Korea's shipbuilding industry also rose and caught up with Japan. Now, the shipbuilding industry in Mainland China is also rising rapidly and its development prospects must not be underestimated. The world's shipbuilding center has shifted to the East, and the tripod of Japan, Korea, and China has been formed. China's shipbuilding industry has a strong technical force, and a large number of low-cost skilled labor. China can rapidly and flexibly absorb foreign technology. These factors make it more competitive in the international markets than Japan and South Korea.

The rise of the shipbuilding industry in mainland China also adds strength to the Chinese Navy. The large-scale maritime exercise in Donghai last year and this year's naval cruise to the Nansha Island not only showed the strength of the Navy, but also showed the strength of the shipbuilding industry in China. Last February, a vehicle carrier ship was launched by a Chinese shipyard and attracted close attention from the international shipbuilding industry. This ship was quite similar to an aircraft carrier and was ordered by Liberia. It has 10 layers of deck with a total area equivalent to three football fields. The ship can be loaded with 4,000 cars and 350 cargo containers. Now only four countries, including Japan and China, can build such ships.

Private High-Tech Companies Prosper
OW2605150988 Beijing XINHUA in English 0605 GMT
26 May 88

[Text] Beijing, May 26 (XINHUA) — China's non-governmental technological development has become a success story in only a few years, the "CHINA DAILY" reported today.

During a conference last month, dozens of entrepreneurs and researchers set still higher goals to expand their operations to assist the country's township enterprises and enter the world market.

Several years ago, some far-sighted and enterprising people, disillusioned by the ossified management in state-run units, broke away from the government shield to set up collective and private companies and research institutes.

To survive and develop without relevant state policies, investment and guarantees of basic living conditions, they had to make far greater efforts and develop competitive management systems.

They have made achievements in some advanced science and technology projects, developed new products, promoted the system of personnel transfer, and improved living conditions of intellectuals.

Most importantly, they have heralded the restructuring of the rigid system of scientific research.

Recently, Zhongguancun electronic street — nicknamed China's Silicon Valley as some 170 high-tech companies are located along the half-kilometer street — came into the limelight when General Secretary Zhao Ziyang praised the pioneering spirit of the entrepreneurs there and their managerial systems.

These companies, most of them non-governmental ones set up by people who left jobs in state institutions, typically develop at an annual rate of 200 to 300 percent in terms of sales volume and profits.

In 1986, the total profits of some 40 state research units in Beijing with staff six times that of 28 non-governmental companies at Zhongguancun was only 34 percent of the latter.

The Beijing Municipal Government is drafting a plan to boost these private and collective companies to form a Zhongguancun technological development zone. Other provinces and cities are following suit.

These moves have been welcomed by thousands of ambitious people across the country, who have set up a great number of private research companies.

The successful entrepreneurs attribute their successes to the unique advantages they have.

Breaking away from the "iron rice bowl" — a term used to describe permanent job security in state units — these entrepreneurs are enjoying more decision-making powers.

They are free to fully mobilize idle funds, facilities and scientists and technicians and utilize them more rationally and efficiently.

They can adapt their flexible management systems to the demands of the commodity economy and orientate their operations to market needs, while state-run institutions may find more difficulty in doing the same.

Being responsible for their own gains and losses, these people usually work in close cooperation, avoiding the loose ties, overlapping functions and rampant struggles among staff members of most state units.

Aerospace Products Set for International Sale
HK2405041988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0859 GMT 18 May 88

[Text] Beijing, 18 May (ZHONGGUO XINWEN SHE)—In his first speech since he assumed office, the new Minister of Aeronautics and Astronautics Industry Lin Zongtang said that aerospace products should be put on sale in the international market.

Over recent years, China's aerospace industry has been endeavoring to contract for the services of launching and carrying satellites for foreign countries. Lin Zongtang considers that in future, the aerospace industry development strategy will be to "combine military and civilian industries, develop products for military uses first, focus on products for civilian uses, and develop toward the international market." He proposed that 30 percent of the funds and human resources should be used in ongoing study and development of aerospace products for military uses. The remaining funds and human resources should be used in developing products for civilian uses, which will serve the construction of the national economy.

Lin Zongtang revealed that the organization and setting up of the Ministry of Aeronautics and Astronautics Industry are being speeded up. It will employ officials who have ideals, ability, and political integrity, and a persistent reform spirit; and all the work concerning the organizing and setting up of the ministry will be completed by the end of June. The State Council has already appointed Jiang Xiesheng and He Wenzhi of the previous Ministry of Aviation Industry, and Liu Jiyuan and Sun Jiadong of the previous Ministry of Astronautics Industry as deputy ministers of the new Ministry of Aeronautics and Astronautics Industry.

Commentator on Sense of Army Reform
HK2705085788 Beijing JIEFANGJUN BAO
in Chinese 14 May 88 p 1

[Commentator's article: "An Important Question Is To Strengthen the Sense of Reform"]

[Text] In accordance with the unified arrangement of the Central Military Commission, the army has been implementing the provisional regulations for non-military cadres since its promulgation. The general situation of this important reform is a positive and healthy one. However, it is unavoidable that some comrades, especially those who will be transferred to non-military posts, still have not yet freed themselves from various doubts and misgivings. Some of these doubts and misgivings have come from certain realistic problems. Provided the cadres conscientiously study the regulations, they can surely find their answers and clear their doubts. At present, a more important question is the question of understanding, or the psychological bearing capacity, as

people often say. The key to the solution of this problem lies in strengthening the sense of reform, that is, taking an attitude of reform toward the important reform of the cadre system of the army.

Modernization accords with the will of the soldiers. Where can we find a way to solve the contradictions between the objective demands of modern warfare and the low modernization level of our army? Leading comrades of the military commission have repeatedly pointed out: Our way out lies in reform. The course of the army's modernization is a course of continuous reform. At present, many problems of the army cannot be solved without reform. Over the past few years, we have done a great deal of work to make our army's cadre work suited to the demand of the new situation, and our achievements are there for all to see. Of course, the difficulties we have encountered are also obvious to all. For many years, a common demand of all cadres of the army was to improve some major and important relationships, reform whatever part of the existing cadre system, that does not suit the demand of the army's modernization drive, and establish a scientific, perfect, and relatively stable cadre system with distinctive Chinese characteristic. The enforcement of the non-military cadre regulations is a component part of a series of major reforms of our army's cadre system. Without the system of non-military cadres, it will be difficult for us to maintain in the army a certain number of professional and technical personnel, who are badly needed by the army's modernization drive, and to maintain a rational ratio between officers and men. This is harmful to the categorization and management of army cadres, and it will become difficult for us to remedy the long-standing abuses of the army, such as being overstaffed and lacking vitality. It is thus imperative for us to implement the system of non-military cadres, because we will have to do it sooner or later. Now that conditions are comparatively ripe in various fields, there is no reason for us to delay the work. There is no denying the fact that after we take this step forward, some new contradictions and troubles may also emerge. However, if we do not take this step, there will be even more troubles and contradictions. The contradictions emerged in the course of reform can only be solved through deepening reform. There will be no hopes if we hesitate and accomplish nothing at all. At present, the main obstacle for implementing the system of non-military cadres comes from the psychological bearing capacity. This is not strange. Apart from the imperfection of reform of our cadre system, a more important reason is that our non-military personnel are transferred from the personnel on active service, which is the first time in our army's history. Thus, it is necessary to acquire a higher degree of psychological adaptability toward reform. But we can only acquire this psychological adaptability by breaking new ground and cannot sit and wait for its coming. The first step is the most difficult, and the most precious as well. Under the condition that there are no precedents in our army's history, one should be far-sighted and should have a strong will and determination in order to make this first

step. Some years later, when we look back to this first step we have taken, we will be full of pride for having participated in this pioneering cause.

To strengthen the sense of reform, we must get an education from practice. When many concrete reforms were just started in rural or urban areas, there were lots of complaints among our comrades. But being educated in practice, they gradually saw the fruit of reform and changed their minds. This is in conformity with the law of recognition. However, looking back on our practice in the past 9 years, we hope that the participants in reform, especially the party members and revolutionary cadres, must be more conscious and make their understanding catch up with the development of the objective situation as soon as possible and must change the passive manner of failing to understand at the beginning and having their thinking straightened out later. For this reason, we must strengthen study, change old concepts, and accept new ideas. So long as we have gained a clear understanding of the inevitability and necessity of army reform and have a basic starting point in observing things, we will certainly be able to reach unanimity on a series of questions, such as implementing the system of non-military personnel, and have our thinking straightened out on some seemingly difficult issues. This has already been proved by the practice of some experimental units.

Some comrades hold that since the system of non-military cadres has not yet been examined by practice, we better wait and see whether it is really necessary and superior. This is reasonable in a sense, but it is not perfect. Although the system of non-military cadres is a new thing in our country, it has been practiced by many other countries for a long time. In fact, all kinds of complicated contradictions we have encountered in our army's modernization drive also set forth this demand long ago. Of course, we cannot say that these provisional regulations are already perfect without any defects. They still need to be further substantiated and perfected through practice. Nevertheless, judging from the current developments, since the regulations have summed up our rich experiences in the army's cadre work, assimilated the fresh experiences of the recent years, and absorbed the good things of foreign armies in light of the conditions and realities of our army, they are indeed regulations suitable for our army. In the course of enforcing and perfecting the regulations, their superiority will certainly be gradually and profoundly recognized by all of us.

In order to strengthen the sense of reform and gain a profound understanding of the system of non-military cadres, we are required to widen our field of vision. Now there is a phenomenon of "longing for reform before it comes but fearing reform when it really comes." The starting point of both fearing and longing for reform is usually the consideration of the immediate personal or partial interests. They long for reform because they hope reform may bring benefits to themselves or their small units; they fear reform because they are afraid their

personal interests or the interests of their small units may be harmed. If this problem is not solved, the viewpoint of reform cannot be firmly established. Reform must first benefit the overall situation. Sometimes, for the interests of the whole, some personal and partial interests have to be sacrificed. One can become more conscious in reform only when one has adopted an overall point of view and has the spirit of fearing no sacrifices of personal interests. We must look into the good prospects of the army's modernization drive and gain a good understanding of the great significance of the system of non-military cadres to the army's modernization. We must conscientiously and correctly handle the relations between personal interests and the interests of the revolution and between the partial interests and the interests of the whole. Thus, the personal gains and losses and immediate personal interests, which were regarded as matters of importance, will no longer become obstacles. This is just as what Du Fu said in his poem: "Looking down from the high peak, all hills look small and tiny."

Small, Fast Artillery Command System Developed
OW2605041888 Beijing XINHUA in English 0655 GMT
25 May 88

[Text] Beijing, May 25 (XINHUA) — The Chinese Army has developed a new ground-shooting artillery command system that is small, light, multi-functional and fast.

And some military attaches from foreign embassies here who have seen it, rate it one of the most advanced in the world.

The system combines reconnaissance, calculation, communication and indication, and automatizes the artillery command process.

All of its parts, from laser positioner to computer controller are so small and compact they can be carried by a single soldier.

The system can conduct simple terrain operating calculations, can block, follow or shoot moving objects, can automatically receive weather reports, or add up spent ammunition and conduct the firing distribution.

The same system with some modifications can be applied to other guns over 82 mm in calibre.

Judicial Organs Face Problems in Handling Cases
HK2605114388 Hong Kong TA KUNG PAO
in Chinese 22 May 88 p 3

[Special dispatch from Shenzhen by staff reporter Chen Laifu (7115 0171 1788): "Shenzhen Procuratorial Organs Complain About Difficulties in Handling Cases, Most Malfeasant Cadres Are Shielded by Leaders"]

[Text] While impartially handling cases and sternly punishing cadres guilty of corruption, the procuratorial organs in Shenzhen encountered obstruction. A number of cadres of the judicial departments openly complained about the "difficulties in investigating and handling cases."

According to relevant information, over the past 2 years the Shenzhen Procuratorate accepted and handled 38 cases of cadres involved in dereliction of duties, but only 14 cases were completed. The economic loss to the state caused by these cases totaled over 125 million yuan. Because of bureaucratism and irresponsibility, two enterprises were on the verge of bankruptcy and three suffered from huge deficits. Of these cases, five remained unsettled for more than 2 years.

The obstruction mainly came from interceding and intervention from various fields. Instead of cooperating with the judicial department, some competent departments adopted the attitude of tolerating and shielding the offenses committed by their subordinate units, while others asked acquaintances and leaders to plead for mercy for them, seriously interfering in the normal work of the judicial organs.

This state of affairs revealed the imperfect legal system in the mainland which the masses complained about most. According to a survey conducted recently in Shenzhen to find the reason for corruption and violation of discipline by state cadres, 60 percent of the people interviewed attributed the reason to the "imperfect legal system," while the other 30 percent said that the "wages and welfare benefits were too low."

The difficulties encountered by the judicial and procuratorial organs in handling cases have aroused the attention of the authorities. At a procuratorial work forum held in Shenzhen on 10 May, Mayor Li Hao urged the procuratorial organs to courageously "tackle tough problems" and make public the names of those who intervene, particularly the principal leaders at the central, provincial, and city levels.

Study Shows Manpower Training 'Seriously Wasted'
OW2605043288 Beijing XINHUA in English 0556 GMT
25 May 88

[Text] Beijing, May 25 (XINHUA) — Manpower training is being seriously wasted in China, a study by the State Science and Technology Commission shows.

The study found only 15 percent of 34,000 technicians investigated brought their capacity into full play.

Some 45 percent displayed three quarters of their potential, and 30 percent, half. The remaining 10 percent displayed only a small bit.

The wastage was equivalent to 3.44 million man-years, more than the total number of college and technical secondary school graduates in the past three years.

The younger the age the bigger the gap in realizing potential.

The study also found that technicians in coastal regions were better used than in the interior.

Technicians interviewed blamed the situation on irrational distribution of skilled workers, poor management and low wages.

Article Views Reform, Solution to Grain Problem
HK2605103388 Beijing NONGMIN RIBAO
in Chinese 10 May 88 p 1

[Article by contributing correspondent Li Haitao (2621 3189 3447): "Raise Funds To Carry Out Reform at Our Own Expense—Thought on the Purchase and Sales of Grain"]

[Text] Because the grain price is on the low side and the comparative benefit of grain growing is poor, the peasants' interest to produce grain is waning. This is the most important reason affecting grain production at the moment. Take Henan as an example. The state has placed an order for 3,305 million kg of grain which, plus the 215 million kg of grain at the disposal of the province, came to 3,520 million kg of grain to be purchased at the contracted purchase price. The purchase price is on the average between 0.16 and 0.2 yuan lower than the market price per kg. In addition to that, the grain departments will also purchase 3,500 million kg of grain at the guidance price, which is 0.04 yuan lower than the market price per kg. The sales of 7 billion kg of commodity grain will reduce the peasants' income by about 700 million yuan. Meanwhile, the prices of manufactured goods for agricultural use, such as chemical fertilizer, diesel oil, insecticide, and plastic sheeting, have risen considerably. According to a survey conducted on wheat production in 1987 by the provincial farm produce cost investigation team, the average per-mu yield was 19.5 kg higher than average output during the Sixth 5-Year Plan and the per-mu cost increased by 12.08 yuan. By offsetting the increased expenses with the increased output we can see that the peasants received an average of 3.305 yuan less per mu. For this reason, many peasants say: "I cannot calculate but I can make a comparison. Several years ago 1 jin of wheat could be exchanged for 1.2 jin of chemical fertilizer; today we generally have to sell 1.2 jin of wheat to buy 1 jin of chemical fertilizer. In the past 1.5 jin of wheat could be exchanged for 1 jin of diesel oil; today 3-4 jin of wheat is needed for 1 jin of diesel oil. Since it does not pay to grow grain, nobody is willing to carry out this transaction." In short, after the peasants enter the commodity economic life, their fundamental demand is to act according to the law of value and to conduct exchange at equal value. However, the relevant quarters fail to act accordingly. As a result, the peasants do not have great enthusiasm to grow grain.

Then, can we lift all controls on grain prices? As we see it, this is unfeasible today, nor is it quite feasible in the future. During his recent inspection tour to China, World Bank expert Mr (Easwen): The purchase and sales of grain in all countries have not been conducted in a complete market condition and all countries use different means to influence the purchase and sales of grain

and to keep the market's influence on grain under control. He said: All governments meddle in the purchase and sales of grain with the principal aim of ensuring the basic food needs of the low-income people. If the government does not meddle in the purchase and sale of grain but exclusively rely on the market role, it cannot sufficiently stimulate the producers, nor can it protect the interests of the consumers. In some countries, grain represents a major department of the economy and by controlling grain the governments can ensure their revenues. Therefore, it is impossible to lift all controls on the grain price and, given that the state cannot considerably raise the purchasing price because of financial constraint, how to regulate the economic results of the grain-growing peasants is a difficult question urgently needed to be solved in the current reform and development. There is indeed some difficulties in solving this problem but it could lead to greater difficulties if it remains unsolved.

Where is the way out? We can neither wait nor shirk our responsibility. It is undesirable both to wait for the unified solution by the central authorities and to shirk the responsibility to the state. If we rely entirely on the state to solve the problems in the reform, it will not only lead to difficulties on the macro level but also delay the pace of advance on the micro level. Therefore, a feasible way is to decentralize decisionmaking, conduct reform at our own expense, rely on the strength of all people, and make up our minds to raise funds to solve the question of extra-subsidies not included in the calculated price for the purchase of grain.

To solve the question of extra-subsidies not included in the calculated price for the purchase of grain, there are probably three methods: 1) provinces and municipalities with abundant funds can solve this with local funds; 2) we can collect a little more from the peasants to subsidize grain prices; 3) we can also support agriculture with industry. In line with the regulations, we may collect some funds from industry and commerce in the form of taxes or charges, which can be used to subsidize grain prices, thus genuinely supporting agriculture with industry. The three methods can also be alternately applied. The question of how to apply them best will be determined by the conditions in various localities.

Survey Reveals City Dwellers' Problems
OW2505085188 Beijing XINHUA in English
1042 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — A recent survey revealed prices are what's bothering 70.9 percent of 3,000 people living in 33 Chinese cities.

According to the latest issue of "OUTLOOK" magazine, when asked why they were dissatisfied, 83.7 percent of those surveyed listed unhealthy tendencies in the party and bureaucracy first.

As a second cause for dissatisfaction, some people said private businesses and those employed in the business and service trades have benefited most from the reform, while 71.6 percent of the workers surveyed agreed their social status has dropped in the wake of the reform because they have neither power and money, nor a higher education.

According to the survey, which was organized by China's Academy of Social Sciences, those surveyed agreed traditional ideas are being shaken by the reform, while some new ideas are taking root.

The survey showed 82.1 percent of the people support hard work, forging ahead, optimism, and self-confidence, while 10.3 percent believe sincere feelings, a good temperament, and thriftiness are more important.

According to the survey, disco and blue jeans, which became popular a few years ago, are still widely accepted.

At present, people want more job opportunities and, of those surveyed, 49.7 percent want to change jobs. The survey also showed more than one-third of those asked want a more interesting job, 29 percent want jobs in which they can better display their talent, 15 percent want a higher salary, and only 16 percent said they are satisfied with their present jobs and don't want to change.

When asked what they hope to gain from the reform, 40 percent said they want a higher income, 26 percent said they want improved legislation, and 25 percent said they want their current social status raised.

Nanchong 'Tranquil Again' After Soccer Riot
HK2605145488 Beijing ZHONGGUO XINWEN SHE
in Chinese 1336 GMT 26 May 88

[Text] Nanchong, 26 May (ZHONGGUO XINWEN SHE)—Today, Sichuan's Nanchong City has become tranquil again. The "May 23 Soccer Fan Riot" began to subside last night.

On the evening of 23 May, the last of the National Youth League preliminary matches kicked off at the Central Section stadium, Wenhua Road, Nanchong City. The Sichuan-Tianjin match ended in a draw and therefore Sichuan did not qualify for the finals. Thinking the referee to be partial and seeing that some Sichuan players were injured, about 1,000 fans started a riot. More than 60 armed policemen were injured and a model 130 car belonging to the Armed Police Force was set ablaze. According to eyewitnesses some fans were also injured during the riot which lasted more than 12 hours, from the evening of 23 May to 0400 the next morning.

At noon on 24 May, about 100 students from the Nanchong Teachers' College paraded in the streets and attracted a crowd of about 1,000. In the evening, some people gathered in front of the city Public Security Bureau to demand the release of those detained for investigation.

On 24 May leaders of the Sichuan Provincial CPC Committee and Provincial People's Congress Huang Qizao, Bai Shangwu, and others formed a working team and went to Nanchong to deal with the aftermath of the riot.

135 Injured

HK2505064288 Hong Kong AFP in English
0545 GMT 25 May 88

[Text] Beijing, May 25 (AFP)—More than 130 people, including 63 policemen, were injured when furious soccer fans ran riot in a southwestern city Monday, the army newspaper reported Wednesday.

The LIBERATION ARMY DAILY said the supporters of the Nanchong soccer team in Sichuan Province raced onto the pitch when their team was being held to a 1-1 draw during a crucial league game with a side from the northeastern city of Tianjin. Nanchong would have moved up a division if they had won the match.

The furious supporters insulted and punched Tianjin players.

Violence worsened after armed police, part of a special anti-riot unit, swung into action to protect the Tianjin players and seized two supporters, the newspaper said.

The violence continued into the night and by around dawn Tuesday had left 135 people, including 63 policemen and two journalists, injured. An unspecified number of people were arrested.

In the stadium, some Nanchong supporters used bricks, petrol bombs and fire hoses as they turned on both the riot squad and the crowd.

Outside the stadium the rioting spread with the supporters setting fire to a police vehicle, overturning police motorcycle side-cars, smashing the display windows of stores and breaking all the windows of a building used by officials.

They also attacked photographers, ripping film from their cameras apparently to prevent any of the rioters being identified later from photographs of the scene.

Just before midnight the crowd moved into Nanchong's streets and attacked the hotel where the Tianjin players were staying, the LIBERATION ARMY DAILY said.

China had its first experience of soccer holliganism in 1985 when fans rioted in Beijing after the Chinese national team was put out of the World Cup qualifying tournament by tiny Hong Kong. Police arrested 300 people after security forces, spectators and foreigners had been attacked.

The following year there were soccer riots in Xian and Nanjing.

The excitement of a football match often acts as a catalyst in China, observers said, bringing both the frustrations widely felt by the country's young and a strong streak of nationalism to the surface.

China's defeat of its World War II adversary Japan on October 27 triggered a demonstration which occurred right in the middle of the congress of the Chinese Communist Party but there were no violent incidents reported.

Auditing Offices Set Up in Ministries
OW2605204988 Beijing XINHUA in English 1200 GMT 26 May 88

Beijing, May 26 (XINHUA) — The State Council, the country's highest administrative organ, has agreed to a proposal by the State Auditing Administration to set up its own offices in various ministries and departments directly under the State Council.

According to a State Council document, the offices will be set up in all state commissions and ministries.

The Auditing Administration is also to set up offices in the State General Administration of Customs, the Civil Aviation Administration of China, the National Tourism Administration and the Chinese Academy of Sciences.

It is believed that the move is aimed at strengthening auditing procedures.

Communications Minister on Developing Transport
OW2305155288 Beijing XINHUA in English 1136 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA) — China will improve its sea and land transport to meet the needs of its economic development, Qian Yongchang, the new minister of communications, told the "PEOPLE'S DAILY" today.

Since 90 percent of China's imports and exports are shipped by sea, the ministry plans to increase its merchant marine fleet. This will help raise the nation's capacity for transporting coal from the present 42 million tons to 80 million tons in 1990.

At the same time, it will adjust the location of ports and turn some of them into modern transportation hubs.

According to the 55-year-old minister, China will build and expand 34 highways totalling 7,400 kilometers in coastal areas by the end of this decade.

While upgrading the roads linking Guangzhou, capital of Guangdong Province, with Harbin, capital of Heilongjiang Province, via Beijing, the ministry is also building 42 highways across the country, 27 of which will be put into use by the year 1990.

In addition, he said the ministry will focus on harnessing five rivers, including China's longest, the Yangtze, and the Grand Canal to ensure trouble-free navigation from the country's interior to the coast.

Universities To Engage in Hi-Tech Industries
HK2305140288 Beijing ZHONGGUO XINWEN SHE in Chinese 0259 GMT 19 May 88

[Report: "China's Higher Learning Institutions Will Jointly Establish the Hangjiahu Scientific Demonstration Zone"]

[Text] Hangzhou, 19 May (ZHONGGUO XINWEN SHE)—Well-known for being a "land of fish and rice" and the "native place of silk," the Hangjiahu area in Zhejiang Province will become a technological exploration site of China's higher learning institutions.

A meeting jointly sponsored at the Zhejiang University several days ago by the State Education Commission and the Zhejiang Provincial Government pointed out that the State Education Commission will organize higher learning institutions throughout the country in an effort to run hi-tech industry in the Hangjiahu area and to build it into a technology- and knowledge-intensive scientific demonstration zone having an export-oriented economy. This is a new step for China's higher learning institutions to share their efforts in implementing the strategy of developing an export-oriented economy in coastal areas.

The Hangjiahu area includes Hangzhou, Jiaxing, Huzhou, and Shaoxing. A golden coast of the country, the area is an important component of the Changjiang delta. It is surrounded by a large number of famous higher learning institutions in Hangzhou, Shanghai, and Nanjing and is one of the few technology- and knowledge-intensive regions in the country.

The Hangjiahu area is also an important industrial and agricultural development base in Zhejiang Province. The area has formed an urban industrial network comprising silk, textile, machine building, chemical, food, distillery, brewery, and clothing industries. An agricultural zone has also been built in this area in which people are engaged in the production of grain, cotton, tea, and oil-bearing seeds; silk worm and fresh water fish breeding; and bamboo growing.

The Hangjiahu area has the necessary conditions to develop new and high technology industries, said an authoritative source. Cooperation between the Hangjiahu area and higher learning institutions will facilitate the development of bioengineering, computer and laser technologies, instruments for scientific experiment, as well as energy and nuclear power technologies. About 30 higher learning institutions are carrying out economic and technological cooperation with this area.

Zhejiang Governor Shen Zulun remarked that the Zhejiang Provincial Government will fully support this development program and that the provincial government has worked out detailed measures to support the program. For example, the province will raise a fund totaling 100 million yuan within 5 years to support technological development; advanced products produced by higher learning institutions will be exempted from taxes so long as these products were originally not available in the province; enterprises run by high learning institutions will be entitled to direct foreign trade rights when they have netted foreign exchange earnings of over \$1 million; Zhejiang Province will not take a local protectionist attitude but will instead encourage fair competition between higher learning institutions; the State Education Commission and the provincial government will form a joint leading group to give regular guidance to development work; and the "Hangjiahu technological development company" will be set up to provide all kinds of services for higher learning institutions carrying out development and exploitative work in the area.

School Admission Irregularities Made Punishable
OW2405141288 Beijing XINHUA in English 0605 GMT
24 May 88

[Text] Beijing, May 24 (XINHUA) — Students who falsify documents or cheat in examinations for admission to higher schools face punishment under new provisional regulations issued by the State Education Commission.

The GUANGMING DAILY reported today the regulations cover persons who give false information such as name, age, schooling, seniority, nationality, household register, and student status when applying for enrolment in a school of higher learning.

They also cover persons who try to hide major problems about themselves or their relatives, who cheat in admission examinations and physical check-ups, or who alter records or documents.

Punishments will range from circulating a notice of criticism to cancelling qualification for admission and refusing the right to sit for university examinations for one to three years, depending on the seriousness of the case.

The regulations also set out punishment for school staff members who commit irregularities in processing an examinee's application for admission or who accept bribes.

New Rules Issued To Ease Pupils Workload
OW2605043588 Beijing XINHUA in English 0150 GMT
25 May 88

[Text] Beijing, May 25 (XINHUA) — The State Education Commission has issued new regulations banning primary and secondary schools from giving their students too many examinations and homework assignments.

The new regulations are designed to ease the burden of excessive homework shouldered by primary school pupils and the attempts by many high schools to increase, at all costs, the proportion of their students entering colleges and universities.

Senior high school students enrolled in the fall of 1987 and others enrolled from now on should no longer be divided into special classes engaged either in liberal arts courses or in science and engineering courses.

Until now, students at many high schools have been divided in this way to increase their chances of getting into college or university by making them specialize in a specific area of study.

Education administration departments should not set college entrance quotas on schools nor should schools appraise the work of their teachers according to the number of students recruited by colleges, the regulations state.

Those high school students whose study records are poor should not be discriminated against, nor should they be forced to quit schools or transfer to another school.

With the exception of special cases approved by education authorities at the provincial level, no high school should be permitted to conduct major examinations other than those held at the end or middle of each term.

These examinations should only test main subjects such as Chinese and mathematics. Other subjects should be examined with the aid of short tests in classroom time without pupils having to do any special advance preparation.

Under regulations, in the areas where junior high school education has been made universal, graduate pupils should be admitted into junior high schools near their homes without having to take entrance examinations.

Homework should not be given to first grade pupils, the regulations say. Homework for second and third grade pupils should be limited to 30 minutes a day.

Fourth grade pupils' homework should take no longer than 45 minutes to complete, while for fifth and sixth grade pupils it should take no more than one hour.

BEIJING DAILY Urges Students To Live Simply
OW2305212988 Beijing XINHUA in English 0554 GMT
23 May 88

[Text] Beijing, May 23 (XINHUA) — Be industrious, be thrifty and live a simple life.

That is the message youngsters at Beijing No.1 Experimental Primary School are getting these days.

And it is a message that "BEIJING DAILY" feels should be popularized more widely.

In a commentary the paper says students are often overly particular about their food and clothing and reluctant to do manual work.

Many parents, also, only pay attention to their child's material comforts without care for ideological or moral development.

The paper says comparisons of clothing and food should be avoided and ostentation shunned.

A balanced diet, tidy clothing and dedication to progress should be the aims of the young today, the paper notes.

Pupils should save every piece of paper, every piece of chalk, every cent, every grain of rice and every kilowatt hour, the paper adds.

Gold Deposit With 'Rich Reserve' Found in Yunnan
HK2305121288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0216 GMT 19 May 88

[Report by reporter Na Jiahua (4780 1367 7520): "Gold-Bearing Belt Discovered in Northern Part of Ai Lao Shan in Yunnan"]

[Text] Kunming, 19 May (ZHONGGUO XINWEN SHE)—China's geological workers have recently found in the northern section of Ai Lao Shan of Yunnan a gold mine with quite a rich reserve—its quality relatively good.

Ai Lao Shan that stretches for 1,000 li is one of Yunnan's main mountain ranges. It is also an area where three great geological structural elements converge—the focus of international geological circles. After a large-area survey of this area, China's geological workers have found a number of gold deposits (points). The gold reserves in four sections of one relevant area reach the size bigger than a medium-sized point. Moreover, the gold exists in this gold field in the form of natural gold—found in bundles and granules and in crevices [as published].

Relevant experts revealed that there are six large and medium-sized gold-producing areas over the whole of the Ai Lao Shan range—which have actually been verified and which have reserves brought under control. In addition, there still exists at least more than one large-sized gold deposit.

East Region

Shanghai Fulfills Part of Financial Income Target
OW2605011388 Beijing XINHUA in English
1341 GMT 25 May 88

[Text] Shanghai, May 25 (XINHUA) — The financial income of Shanghai, China's largest industrial center, reached 5.1 billion yuan in the first four months of this year, or one-third of the year's target that the city has contracted with the central government.

This was revealed by Mayor Zhu Rongji at a meeting of party and government cadres today.

The mayor said that the city is confident to reach the target — 15.3 billion yuan — by the end of the year. The fulfillment of the target means that the city will have an additional income of 1.4 billion yuan as prescribed by the contract the city has signed with the central government, he explained.

Zhu said that awards will be given to enterprises that overfulfill production targets and that efforts will be made to increase the production of profitable commodities including Santana cars, color TV sets, bikes, watches, name-brand liquor, refrigerators, and cameras.

Besides, he said, preferential treatment will be given to the city's 657 projects for technological renovation.

Zhejiang's Shen Zulun on Joint Technological Zone
OW2605150488 Beijing XINHUA Domestic Service
in Chinese 0211 GMT 24 May 88

[By reporter Tang Qingzhong]

[Excerpts] Hangzhou, 24 May (XINHUA) — This reporter has just learned from a forum on how the scientific and technological resources of the nation's institutions of higher learning might serve the strategy for developing China's coastal economy that the Zhejiang people's government and the State Education Commission are engaged in pooling the resources of the nation's institutions of higher learning to set up a Hangzhou-Jiaxing-Huzhou technological development experimental zone. They also will be combining the scientific and technological resources of institutions of higher learning for developing the area of Hangzhou, Jiaxing, and Huzhou (including Shaoxing City and a number of counties) into an export-oriented and technology-intensive commodity base. [passage omitted]

Zhejiang Governor Shen Zulun said at the forum: Our province must provide the nation's institutions of higher learning participating in the development program a good environment in which to utilize fully their talents. The province has decided to implement a policy to give preferential treatment, including tax-free investment loans, to the institutions of higher learning participating in the joint development program. Each year for the next

5 years, the five banks in our province are to raise a certain amount of funds as loans to the institutions of higher learning. The subjects of study for the joint development program shall be given priority listing under the planning of the Provincial Scientific and Technological Commission. The development of advanced products not produced previously in our province will be exempted from taxation. When the foreign exchange earnings of companies or group companies set up by the institutions of higher learning in the Hangzhou-Jiaxing-Huzhou area have reached a certain figure, they will be given preferential treatment in import and export rights.

Zhejiang Women's Congress Discusses Issues
OW2605143788 Hangzhou Zhejiang Provincial Service
in Mandarin 0900 GMT 23 May 88

[Text] Textile enterprises in Hangzhou often suffer a loss of more than 10,000 yuan in output value when women workers take pregnancy, maternity, and nursing leave. The burden is too much for enterprises.

The above remarks were made by the chairman of the Hangzhou Textile Trade Union Council this morning during a meeting between delegates to the Eighth Zhejiang Provincial Women's Congress and provincial leaders, including Shen Zulun, Chen Fawen, Wang Yumin.

Citing figures and investigative reports, other deputies also pointed out: Currently, enterprises are the bearers of the cost of pregnancy. As a result, enterprises with more women workers often have less productivity. This is why enterprises do not wish to employ women workers and, after they hire women workers, are reluctant to implement labor protection regulations for them. The problems become more acute in cases of contracted or leased enterprises. This state of affairs is detrimental to women, to our children, and to the harmonious development of society as a whole.

Shen Zulun and other leaders took the deputies' views seriously. They pledged to study carefully the new situation and find solutions to the problem.

Central-South Region

Guangdong Secretary Delivers Work Report
HK2605124988 Hong Kong TA KUNG PAO
in Chinese 23 May 88 p 3

["Special Dispatch" by staff reporter Lin Ning (2651 1337): "Lin Ruo Talks About the Rectification of Party Style and Discipline"]

[Text] Guangzhou, 22 May—Political Reform Has Been Put on the Agenda [subhead]

Guangdong will speed up its political structural reform and actively push forward the building of democracy. This is a target set in the work report by Lin Ruo, Guangdong Provincial CPC Committee secretary, at the provincial party congress on 20 May.

Lin Ruo said in his report that political structural reform is an important component of Guangdong's comprehensive experiment on reforms and opening up to the world. Its immediate target is to form a leadership system beneficial to improving work efficiency, enhancing vitality, and giving play to the initiative of people in all fields.

As revealed, the separation of the party from the government will start with enterprises. Party organizations in enterprises will be required to devote their major efforts to party building. Apart from making suggestions on major problems, they also should assist factory directors in exercising their rights according to "enterprise law." The party's leadership forms and work organs will also be reformed. Party units overlapping government departments will be dissolved, and party groups in government departments will be abolished under the prerequisite of straightening out the relationships between the party and the government.

The reform of the cadre and personnel system will focus on establishing the state civil service system. Management over cadres will be aimed at achieving actual results and encouraging competition and democratic and open supervision. Competition will be introduced to cadre and personnel management and the rational flow of personnel will be allowed to provide favorable conditions for talented people to display their talents.

In addition, the building of democracy is also regarded as an important component of political structural reform. Leaders at all levels should use all types of forms and channels to announce important activities concerning party and government affairs, to further enhance the openness of work in leadership organs, to keep the people informed of major events, to let them discuss major problems, and to listen to their opinions and requirements. For now a dialogue should be conducted with the people on problems like traffic, housing, education, public security, commercial service, and prices.

"The habit of asking for higher posts, abusing power for personal gain, practicing bureaucratism, and going in for ostentation and extravagance is very serious in some localities."

Strengthening Party Style and Discipline [subhead]

Lin Ruo also criticized seriously unhealthy trends in the party. In the course of reform, opening up to the world, and developing the commodity economy, he said, party members should be able to stand all tests and strengthen party style and discipline, as this has a direct bearing on the failure or success of reform. For this reason, it is

necessary to set up gradually a new order for the commodity economy and improve the inner-party democratic supervisory system so as to reduce the conditions that nurture unhealthy trends.

Party members who take advantage of reform and opening up to engage in illegal activities or to seek personal gain should be seriously dealt with, and corrupt party members who have harmed the cause of the party and the people must be handled immediately after discovery and expelled from the party, no matter how large the number is. Efforts should be made to straighten out the situation in which party members do not care for party affairs, are lax in discipline, and fail to take action against bad conduct.

Particular attention should be paid to drawing up rules and regulations on encouraging party and government leaders to perform their duties honestly and on perfecting the management system. The principle of everyone being equal before the law should be observed, and it is necessary to strengthen party style and party discipline in the course of deepening reform.

Invigorating Science and Education [subhead]

Lin Ruo emphatically pointed out in his report that leaders at all levels should place priority on the invigoration of education in the economic development strategy, should take the quality of education as an important factor in appraising cadres' work, and should pay full attention to education work.

In the final analysis, he added, the successful implementation of the export-oriented economic strategy relies on the development of science, technology, and education. Because Guangdong is lacking energy resources and raw materials, and the cost of labor is high in this province, only when the province brings about technological progress, promotes scientific management, and improves the quality of its workers, can it increase its competitiveness in the domestic and international markets.

Therefore, efforts should be made to speed up the reform of the scientific and technological structure, to introduce competition to the scientific and technological fields, and to implement all types of contracted management responsibility systems in these fields. Moreover, aiming at exploring the market and optimizing the industrial structure, it is necessary to develop new technology. Education is a cause of vital and lasting importance. Therefore efforts should be made to build a contingent of good teachers and stabilize the number of teachers. Educational funds will be increased annually following economic development in the province. Schooling conditions will be improved. The wages of teachers, primary and middle school teachers in particular, will be increased and the conditions for their work and livelihood will be improved gradually.

The more the commodity economy is developed, the more necessary it will be to form the mentality of respecting knowledge and talented people and to foster the habit of respecting teachers and paying attention to education.

Lin Ruo pointed out that Guangdong's economic structural reform will focus on the formation of a market network that coordinates with the domestic and international markets, with the aim of bringing about a turn for the better in enterprises' operational mechanism. In the meantime, it will strengthen its macroeconomic regulatory role and strive to form a new structure for its export-oriented economy within 5 years.

Pushing Forward Economic Reform in an Overall Way
[subhead]

For the above reason, the province will further emancipate the mind and be bold in making explorations and blazing new trails. It will make full use of special policies and do away with rules and regulations unsuitable for the new situation. As for unwritten rules and regulations that are beneficial to the development of the productive forces, these should be put to practice boldly so as to gain more experience; on no account should we hesitate at the general orientation of reform.

Speeding up economic structural reform includes the following aspects: 1) setting up and perfecting the socialist market system; 2) quickening the pace of foreign trade management system reform by means of developing an export-oriented economy; 3) deepening enterprise reform and changing enterprises' management mechanism; and 4) establishing a macroeconomic regulatory structure with indirect management as its main component. In addition, priority should be given to the construction of basic facilities including energy, traffic, and telecommunications. The environment for investments should be improved so as to develop greatly the province's economy.

N. Guangdong Rainstorms Cause Heavy Flooding
OW2705020488 Beijing XINHUA in English
1449 GMT 26 May 88

[Text] Guangzhou, May 26 (XINHUA) — Five people died, three went missing and 370 were injured during a heavy rainstorm which hit five counties in northern Guangdong Province on May 24 and 25.

By 0900 hours this morning, the water level at Qingyuan hydro station at Beijiang River reached 13.68 meters, 1.68 meters above the [word indistinct] level.

Rainfall at Fugang County, a seriously affected region, was 303 mm. The water level at the Damiaoxia hydro-metric station in the county rose to 51.4 meters, 0.3 meters higher than the level reached in 1965, according to local reports.

At Fugang County, 2,150 houses collapsed, 2,600 hectares of farmland were flooded and 50 sections of highway submerged.

Soon after the downpour, local party and government leaders rushed to the flooded regions to help 1,000 local farmers and 7,000 other people caught stranded in the rains to move to safety.

Shenzhen Holds Second Land Use Auction
OW2605011088 Beijing XINHUA in English
1441 GMT 25 May 88

[Text] Shenzhen, May 25 (XINHUA) — Shenzhen, one of China's five special economic zones, held its second round of bidding for land-use rights today.

The Dihua Engineering Development Corporation bought the land-use rights for a 4,691-sq-m plot at the price of 19 million yuan.

The Shenzhen East Development Group won the land-use rights of a second plot, 9,834 square meters, by offering 17.2 million yuan.

The period set for the land-use rights on both plots is 50 years. The first plot has been designated as a multi-purpose office building, while the other plot will be used for residential quarters.

Twenty-nine bidders including four foreign-funded enterprises attended today's auction.

Another two sq. km. of land will be auctioned later this year, said Vice Mayor Li Chuanfang.

Official Speaks on Hainan's Land Prices
HK2605150188 Beijing ZHONGGUO XINWEN SHE
in Chinese 0551 GMT 24 May 88

[Dispatch by reporter Mo Chengxiong (5459 2052 7160): "Deputy Director of State Land Administration Bureau Discusses Hainan's Land Prices"]

[Text] Haikou, 24 May (ZHONGGUO XINWEN SHE)—Chen Ye [7115 2814], deputy director of the PRC State Land Administration Bureau, said here recently: Land prices in Hainan Province are lower than those in the Asian and Pacific regions and also lower than those in the coastal areas on the mainland. In Haikou City alone, 556 investors, including locals and people from other areas, have applied for utilization of land, totaling 47,200 mu. Several hundred others have applied for utilization of land, totaling nearly 100,000 mu, in other parts of the province.

Chen Ye said: The prices of land in Hainan should be fixed at a reasonable level. They must not be too high. Excessively high land prices will lead to an increase of production costs and weaken the competitive power of

products, thus dampening the enthusiasm of the investors. Current land prices in Haikou, he added, are not high and suit the actual conditions in the city: Prices of land for industrial purpose range from 60 to 90 yuan per square meter, those of land for residential purpose range from 100 to 150 yuan per square meter, and those of land for financial and commercial purposes range from 150 to 200 yuan per square meter.

Why do some people complain that land prices are too high in Haikou? There are two main reasons, Chen Ye said. One is that some units are "anxious for land." They talk directly with the peasants. This has not only raised land prices but also encourages malpractice in matters regarding land acquisition. The other reason is that some units try to profit through "buying land on speculation." They want to acquire land from the government at very low prices, so they complain that current land prices are high. They then open up the sites and sell them at unusually high prices to the developers, who, finding the high prices unbearable, also complain that prices are too high.

Chen Ye said: Hainan must adopt measures to control land prices, so that prices may remain reasonable and stable for a while. For example, land should be well assessed, the prices of land in Haikou and Sanya may be taken as the basic prices, and the prices of land in other cities and counties may be 20 to 30 percent lower than that in Haikou and Sanya. Land development companies must do a good job of building roads, water and power supply facilities, and sewer systems and leveling land for construction. They may sell the land use rights only after they have built the houses. They are not permitted to buy land as a speculation. Markets for sale or transfer of land use rights are to be set up, so that prices may be negotiated and transactions concluded in the market.

Henan Meeting on Nonstaple Food Subsidies
HK2605143988 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 23 May 88

[Text] This afternoon, the provincial party committee and government held a meeting of cadres of provincial units to explain our province's method of issuing nonstaple food subsidies. At the same time, they put forward some demands on the implementation of this method. Attending today's meeting were provincial party committee Secretary Yang Xizong, Governor Cheng Weigao, and responsible comrades of the provincial party committee, People's Congress, government, CPPCC Committee, Military District, Discipline Inspection Commission, higher court, procuratorate, and democratic parties. Our method of issuing the subsidies for the main nonstaple food prices was officially implemented within our province.

At the meeting, Vice Governor Qin Kcai explained the main contents of our province's method of issuing suitable subsidies to the staff members and workers as a result of the changes in the retail prices of the main nonstaple foods. He said: There are five varieties to be

included in the subsidies this time including pork, popular vegetables of dependable quality, eggs, white sugar, and bean products. The standard of subsidies is that each staff member and worker in Zhengzhou is given 10 yuan a month; in the other cities under the jurisdiction of the provincial government, 9 yuan; in the cities under the jurisdiction of the prefectural government and counties, townships, and towns, 7 yuan. University and secondary vocational school students are given subsidies equivalent to 60 percent of those for local staff members and workers. The standard of the subsidies for the minority-nationality staff members and workers who are forbidden to eat pork may be determined by local government provided it does not exceed the local standard by 20 percent. The objects of subsidies are the cadres, staff members, and workers of the state-owned and collective enterprises and institution, organs, and PLA units, retired personnel, university and secondary vocational school students, and those in the urban areas who enjoy preferential treatment or who are provided relief.

He said: The method of issuing suitable subsidies to staff members and workers as a result of the changes in the retail prices of the main nonstaple foods is important for stabilizing the livelihood of the staff members and workers, maintaining social stability, deepening reform of the prices, promoting agricultural production, and readjusting consumption.

Comrade Qin Kcai emphasized: The standard of subsidies determined by the provincial government shall not be raised by any prefecture or city without authority. The verification and readjustment of the standard of subsidies are to be studied and determined by the provincial government and no place shall act as they think fit.

2. [number as heard] We must vie with one another for a higher standard of subsidies. We must prevent enterprises from taking advantage of issuing subsidies by indiscriminately issuing materials and bonuses and enhancing the standard of subsidies without authority.

3. We must adhere to the four-no-changes: no change in the contract base of the enterprises operated by contract, no change in the taxes and profits of the enterprises not operated by contract, no change in the financial structure, and no change in the financial tasks of all prefectures, cities, and counties. This must be observed strictly as a rule of discipline.

People's governments at all levels must develop vigorously the production of the main nonstaple foods and improve the market supply. They must stress production of pigs and vegetables. The original series of effective methods, policies, and measures of developing production must be implemented continuously. All state-owned commercial enterprises, supply and marketing cooperatives, and foreign trade departments must play a leading role, make good preparations for materials when the method of issuing subsidies is implemented, expand the

sources of goods, increase supply, reduce intermediate links, handle and regulate materials, and lower market prices. Industrial, commercial, and price departments must really step up market control, tidy up market order, and sternly crack down on unlawful practices, including hoarding and speculation, manipulation of the market, staging of shopkeepers' strikes, disruption of the market, and driving up of prices. Governments at all levels must organize departments concerned to step up price control and strictly control the chain reaction to the increase of nonstaple food prices. In particular, the range of price increases of such products as beverages, cakes, and candies must be strictly controlled. No one shall take the opportunity to push their prices higher. We must prohibit resolutely the increase of prices by means of tied sale. No one shall take advantage and increase prices of relevant products. Departments concerned, including price and industrial and commercial administrative departments, trade unions, and price supervision stations at all levels, must go all-out and conduct large-scale market-price inspection. It is necessary to deal severely with those who increase prices by means of tied sales or increase prices without authority.

In his speech, Secretary Yang Xizong pointed out: After the method of issuing subsidies, one of the important tasks is that governments at all levels must organize departments concerned to step up the control of the market and prices, oppose the indiscriminate increase of prices, and forbid the increase of prices by means of tied sales to prevent the tendency toward the increase of prices. The great attention of governments at all levels and departments concerned must be drawn to this. Effective measures must be taken to stabilize the prices so as to guarantee the successful implementation of the method of issuing the nonstaple food subsidies.

He said: Price reform is extremely important and arduous. Under the guidance of the correct policies of the central authorities, we have carried out price reform gradually and scored marked achievements over the past 10 years so that vitality has been further added to the management and activities of the enterprises and the operation of the national economy. While prices are increased, by employing the method of increasing wages and subsidies, we can improve markedly the people's living standard. With the improvement of the living standard and reassurance of the public, the political situation of stability and unity in society can be maintained.

Comrade Yang Xizong said: In the course of price reform, it is unavoidable that prices increase somewhat. We must treat the increase in prices correctly from the overall situation of the national economy. We must learn to analyze and handle the new problems in the economic life according to the objective requirements of the law of value. On the other hand, while heightening understanding and deepening reform, we must clearly understand the importance of stabilizing prices. The stabilization of prices is the key to stabilization of the economy. We must grasp reform in one hand and management in the other. We must link reform

with management and invigoration with stabilization even better to promote the development of production and stabilize the masses' livelihood. We must strive for development in the course of reform and for stabilization in the course of development.

In conclusion, Comrade Yang Xizong said: Prices are the comprehensive reaction of the national economy. The price issue is not merely a matter for the price department. The close coordination and common efforts of all units and departments are necessary for doing a good job in prices and reforming prices. This needs the masses' understanding and support.

Governor Cheng Weigao presided over today's meeting. He hoped that governments at all levels and all departments would make concerted efforts, break through price reform—an obstacle, push price reform forward in an orderly way, and contribute toward the development of our province's economy and toward the improvement of the people's living standard.

Henan To Build Major Aluminum Base
OW2605053288 Beijing XINHUA in English
1126 GMT 25 May 88

[Text] Zhengzhou, May 25 (XINHUA) — The first-stage construction of China's biggest aluminium base will begin soon in the inland province of Henan.

Located in the area between Jiaozhou and Xinxian cities of the province, the base will use foreign funds directly, and is expected for completion in seven years, XINHUA learned.

The base, named "Great Wall Aluminium Company," will mainly turn out oxidized aluminium, aluminium bars and materials.

It will also be equipped with its own mines, cement factories and power plants.

After completion, its output is to attain 500,000 tons, or the total national aluminium output in 1987.

Hubei Party Committee Meets To Discuss Criticisms
HK2605135588 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 24 May 88

[Excerpts] The criticisms and suggestions made by deputies to the provincial People's Congress and members of the provincial CPPCC Committee have drawn the attention of the provincial party committee. Yesterday morning provincial party committee Secretary Comrade Guan Guangfu presided over a meeting of the provincial party committee Standing Committee. At the meeting he listened to criticisms and suggestions raised at recent sessions of the provincial People's Congress and CPPCC Committee on agriculture, industry, science, education, culture, public health, judicial affairs, the use of foreign investment, commodity prices, the party's work style

and other problems concerning the province. The meeting studied and discussed some relevant measures bowing to those criticisms and suggestions.

Comrade Guan Guangfu spoke at the meeting. He said: Today's meeting of the Standing Committee basically aims at circulating what was going on at the recent sessions of the provincial People's Congress and CPPCC Committee so that members of the Standing Committee will be able to have a deep understanding of the spirit of becoming masters of the country displayed by deputies to the provincial People's Congress and members of the provincial CPPCC Committee and their criticism and suggestions for making Hubei rise in central China. All members of the Standing Committee should pay adequate attention to those criticisms and suggestions and adopt practical measures.

Referring to his feelings on attending the two sessions, Guan Guangfu said deputies to the provincial People's Congress and members of the provincial CPPCC Committee were very active in participating in and discussing government and political affairs. They put forth many useful and pertinent suggestions for provincial party committee and people's government work. We must particularly listen with an open mind to their criticisms and suggestions for our work and devise solutions to them in real earnest. Guan Guangfu paid high tribute to those criticisms and suggestions, noting that those criticisms and suggestions will give a great impetus to the work of our province and we must take them into full consideration and absorb them seriously.

The meeting decided on setting up a special organ to study those criticisms and suggestions. Criticisms and suggestions relating to work of government departments will be discussed at routine government meetings, and criticisms and suggestions regarding work of the provincial People's Congress and CPPCC Committee will be handled in the same way and studied one by one. After those criticisms and suggestions are studied, the relevant departments may hold a meeting at an appropriate time and discuss solutions. [passage omitted]

The Standing Committee members Zhao Fulin, Qian Yunlu, Zhang Xueqi, Tian Qiyu, and (Zheng Yunfei) attended the meeting. The provincial Advisory Commission Chairman Xu Daoqi, and Vice Chairman (Wang Kewen) attended the meeting as observers. The provincial People's Congress Chairman Huang Zhizhen, the provincial CPPCC Committee Chairman Shen Yinluo, Vice Chairman Mu Changsheng, and Vice Governor Han Hongshu were invited to the meeting.

Hubei Governor Addresses Government Meeting
HK2605133388 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 25 May 88

[Excerpts] The newly elected Hubei provincial people's government yesterday morning held its first plenary meeting at the (Hongshan) Guesthouse in Wuchang.

Attending the meeting were Governor Guo Zhenqian, Vice Governors (Zhang Huainian), Xu Penghang, Han Nanpeng, and (Han Hongshu), and responsible comrades from provincial units.

Comrades from other departments attended the meeting as nonvoting delegates.

The meeting was presided over by (Wu Yuning), secretary general of the provincial people's government. [passage omitted]

In his speech at the meeting, Governor Guo Zhenqian said: This provincial government undertakes the following two major tasks: To fulfill the strategic plan put forward by the provincial party committee; and to lay solid foundations to enable Hubei to rise in central China.

Guo Zhenqian added: To fulfill these glorious but arduous tasks, this provincial government will primarily make great efforts to achieve openness, practical results, transparency, high efficiency, and honesty in performing official duties. [passage omitted]

Guo Zhenqian said: We must strengthen our sense of responsibility to the party. Our provincial government must act in line with both the party central authorities and the provincial party committee, conscientiously implement the party's line as well as the party's general and specific policies, and make great efforts to successfully carry out its work.

Guo Zhenqian then briefed meeting participants on the current conditions of our industrial and agricultural production as well as on a number of glaring problems in foreign trade exports, commodity prices, and credit funds. He also put forward countermoves and measures to solve such problems.

North Region

Beijing To Enjoy Coastal Open Policy Benefits
OW2605043788 Beijing XINHUA in English
0624 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA) — Beijing is to enjoy the same foreign trade preferential policies as open cities in coastal areas, the deputy director of the municipal Economic Commission announced Tuesday.

Liu Kexing said the decision, approved by the State Council, will give the municipal government the authority to approve joint and co-operated ventures with investments up to 30 million U.S. dollars.

The move will also enable old enterprises to make their own decisions about investing in or leasing out their facilities.

Liu said the city, in a bid to boost capacity to process supplied material, can now import raw materials and parts, including those controlled by state quotas, without being subject to tariffs and taxes as before.

The exit and entry formalities will also be simplified, Liu said.

To date, the Beijing municipal government has approved 286 foreign-funded enterprises involving investments of 3.7 billion U.S. dollars. Their products are exported to a dozen countries and regions.

An exhibition of goods manufactured by 30 of these enterprises is being held to June 15 at Longfu Emporium, the capital's biggest store.

Beijing Holds Seventh KMT Members' Congress
SK2605102988 Beijing BEIJING RIBAO
in Chinese 11 May 88 p 1

[Excerpts] The seventh congress of the Beijing Municipal Kuomintang (KMT) Revolutionary Committee opened on 10 May.

Attending the congress were 173 backbone personnel of the municipal KMT Revolutionary Committee, who represent the Revolutionary Committee's members on various fronts throughout the municipality. The congress will summarize the work done by the municipal KMT Revolutionary Committee since the sixth congress and elect the leading bodies of the ninth [as published] municipal KMT Revolutionary Committee and delegates to the seventh national congress of the China KMT Revolutionary Committee.

He Luli, vice chairman of the municipal KMT Revolutionary Committee, presided over the opening ceremony of the congress, and Chairman Tan Yizhi addressed the ceremony. In the 4 years since July 1984, when the sixth municipal KMT Revolutionary Committee congress was held, the municipal KMT Revolutionary Committee has done a great deal of work in rendering services for building socialist material and spiritual civilizations, promoting the reunification and peace of the motherland, encouraging the relatives of the people on both sides of the Taiwan Straits to make contacts, and enhancing its self-improvement. It has also scored some achievements in its work.

Over the past few years, the enthusiasm and zeal of the organizations and members of the municipal KMT Revolutionary Committee for joining in the state political life and in the activities of patriotic united front have been continuously upgraded. For example, they have joined in the discussions of the capital's development strategy, the elimination of urban pollution, and the protection of historical relics. Departments concerned have attached importance to their participation. There are now 164 members of the KMT revolutionary committees at all levels, who have become deputies to

people's congresses and members of CPPCC committees at all levels. They have played a good role in participating in government and political affairs, joining in political discussions, and carrying out democratic supervision. [passage omitted]

The municipal KMT Revolutionary Committee has also organized its members to open training classes and its intellectual forces to support the construction of border and suburban areas by rendering advisory services in technology and the economy to them. It has trained talented personnel for the program of building the four modernizations and has contributed to the capital's program of building the two civilizations.

Over the past few years, the municipal KMT Revolutionary Committee has recruited 400 new members, enhanced its self-improvement, and done a great deal of work in assisting the departments concerned to implement the policies.

Li Qiyun, deputy secretary of the municipal party committee, attended the opening ceremony of the congress and delivered a congratulatory speech on behalf of the municipal party committee. [passage omitted]

Attending the opening ceremony of the congress were leading comrades from the central KMT Revolutionary Committee, including Zheng Dongguo and Fu Xuewen.

Also attending the opening ceremony were leading comrades from the municipal People's Congress Standing Committee, the municipal CPPCC Committee, the democratic parties, and the municipal industrial and commercial federation, including Li Guang, Chen Minghao, Feng Mingwei, Zhu Chenyu, Mei Xiangming, Shen Yifan, Zheng Zhenren, Chen Musen, Chang Mengqu, and Tang Shaoyuan.

Congress Ends

SK2605104388 Beijing BEIJING RIBAO
in Chinese 14 May 88 p 1

[Text] The seventh congress of the Beijing Municipal Kuomintang Revolutionary Committee concluded on 13 May. Tan Yizhi, an early graduate from the second term of the Whampao Military Academy, was reelected chairman of the municipal KMT Revolutionary Committee.

The 5-day congress successfully fulfilled all items on its agenda. It discussed and approved in principle the work report given by the eighth [as published] municipal KMT Revolutionary Committee and elected the ninth [as published] municipal KMT Revolutionary Committee and delegates to the national congress of the China KMT Revolutionary Committee, which will be held in the fourth quarter this year.

The congress embodied the spirit of unity, democracy, opening up, and progress.

In order to further bring into play the favorable conditions of the KMT Revolutionary Committee in promoting the reunification of the motherland and its latent power in rendering services to the program of building the two civilizations, the congress urged members of the municipal KMT Revolutionary Committee to inherit and develop Mr Sun Yat-sen's patriotism and his spirit of continuously making progress; to enhance the sense of democratic parties and the capability of participating in government and political affairs and joining in political discussions; to accelerate the pace of fulfilling the capital's programs of building modernizations and conducting overall reforms; and to vigorously make contributions to reunifying the motherland and making China prosperous.

The congress elected 53 members and 7 alternate members of the ninth municipal KMT Revolutionary Committee. The average age of these members is 56.8 years old, a 5.2-year decrease over the figure of the eighth municipal KMT Revolutionary Committee.

The 81-year-old Chairman Tan Yizhi occupied an important post in KMT military circles. During the anti-Japanese war, he participated in the battles of Taierzhuang, Wuhan, and Changsha. In 1949 he was a member of the KMT Central Committee and assistant commandant of the capital (Nanjing) garrison. Along with 44 personnel, including Long Yun and Huang Shaohong, he crossed over to the PRC. After liberation, he was appointed a member of the National Defense Committee and the national CPPCC Standing Committee for two terms. He is now the director of the Counselor Office under the Ministry of Water Resources and Electric Power, member of the Standing Committee of the central KMT Revolutionary Committee, and vice chairman of the municipal People's Congress Standing Committee.

Beijing Mayor Chen Urges Clean Government
OW2605104288 Beijing XINHUA in English
0706 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)— Beijing Mayor Chen Xitong has called on officials to be thrifty and fight against corruption in a bid to promote the capital's reforms.

"To create a clean government, officials should not seek private interests through their positions of power," the mayor said in a speech at a meeting of the Beijing municipal government yesterday.

"This is a major test for our officials, especially at a time when we are still not rich and the country is in the throes of reform," the mayor said.

Municipal officials should be more vigilant against corruption as they have money and power in their hands, he said.

Government officials must serve the people and should not seek personal gain or comfort, Chen Xitong stressed, adding that the most important thing for them to do is share the weal and woe of the people and carry the reform through.

Inner Mongolia Expands Crop-Growing Acreage
SK2605074588 Shenyang DONGBEI JINGJIBAO
No 250, 3 May 88 p 1

[Text] By thoroughly studying and implementing the guidelines of the 13th party congress and the 7th NPC Session, the vast number of cadres and masses in Inner Mongolia have paid still more attention to and been more concerned about the steady growth of agriculture. This year the crop-growing acreage will be larger than last year. In addition, the acreage sown to grain will increase by 2.3 percent; that sown to oil-bearing seeds, 12 percent; and that sown to sugar crops, 32 percent. In addition to popularizing advanced scientific and technological achievements, various localities will greatly increase their funds for agricultural use.

According to a survey, this year the region's countryside will spend some 1.3 billion yuan on purchasing the means of production and productive fixed assets, an increase of 36 percent over 1987. Of this sum, 980 million yuan will be used to purchase the means of production, an increase of 36 percent, and 350 million yuan will be used to purchase productive fixed assets, an increase of 13 percent. In addition, the region will release 25.96 million yuan from its financial revenues to build regional commodity grain bases, an increase of 15.6 percent over the previous year. The total of agricultural loans will also increase by a large margin.

Shanxi Party Official Discusses Political Reform
HK2605105588 Taiyuan SHANXI RIBAO
in Chinese 3 May 88 pp 1, 2

[Article by Wang Maolin (3769 5399 2651): "Several Questions of Ideological Understanding of Pushing Forward Reform of the Political Structure in Our Province—Speech at Session for Training in Rotation Leading Cadres at and Above the County Level (Excerpts)"]

[Text] 1. Fully Understand the Provincial Situation and Put Changing Concepts in an Important Position [sub-head]

Since the 13th CPC National Congress, party organizations at various levels in our province have attached great importance to and made prompt arrangements for studying and implementing the spirit of this congress. Generally speaking, the guiding ideology of implementing the spirit of the 13th CPC National Congress is quite clear and the measures are effective. However, we must also realize that there are still some differences among our cadres' ranks in the understanding of the political structural reform. Some comrades still have not freed

themselves from doubts and misgivings and are apprehensive that party leadership may be weakened and new problems and contradictions may appear after changing the functions of the local party committees. Due to the differences in understanding, at the beginning of the political structural reform, some party members and cadres are unable to change their ideological concepts promptly. They are used to judging and appraising the problems of political structural reform by means of the old ways of thinking and traditional concepts. Our province is in a special geographical position and has some specific historical and cultural concepts which were formed in history. This dictates that we must gain a full understanding of our provincial situation in reform of the political structure, correctly estimate the arduousness and complexity of changing concepts in our province, and put it in an important position.

Over the past few years, through implementing the line, policies, and principles mapped out since the 3d Plenary Session of the 11th CPC Central Committee in our economic construction, the broad masses of cadres and people in our province have gradually recognized the importance of opening up to the outside world and invigorating the domestic economy. Most of them hold that Shanxi's economy should be opened to the other provinces and the outside world, hoping that the pace of reform and opening up will be further quickened and the mind be further emancipated. However, on the question of political structural reform, the tasks of emancipating the mind and changing concepts are still very heavy. We should fully affirm that the broad masses of party members and cadres in our province, which is an old liberated area, have preserved the party's fine traditions and styles in the long years of revolutionary war and socialist construction. During the years of war, the people of Shanxi rendered enormous contributions to the liberation of the whole nation. In the period of cooperative transformation of agriculture, they also created many good experiences for the party to work out various policies. Since the party Central Committee decided to build Shanxi into a major energy and heavy and chemical industrial base, our provincial economy has been greatly developed. From 1982 to 1987, our province provided other provinces and municipalities with a total of 680 million tons of coal, thus rendering great contributions to the construction of the four modernizations in our country. We have a glorious history and have made great contributions. But we must also admit that in the new historical period, in the effort to establish and perfect the new socialist economic and political structures, we have lagged behind compared with other fraternal provinces and municipalities, especially the coastal areas. Due to the deep-rooted influence of the small peasant mentality, some people are reluctant to make changes for fear that stability may be affected. Due to the influence of traditional history and culture, some people are used to old practices, adopting an attitude of wait and see toward the new things and new

ideas. And due to the influence of the "leftist" ideology, it is still difficult to eliminate certain "leftist" viewpoints that have been attached to socialism.

In view of this provincial situation, we should not take a passive attitude of waiting and fail to see our own superiority and strong points; nor should we be over-optimistic and fail to recognize the arduousness of the tasks of emancipating the mind and changing concepts. We must dare to smash the shackles of the "leftist" ideology and dare to break with traditional historical and cultural concepts and the backward and conservative force of habits that were formed due to our closed geographical position. First, the leading cadres at various levels, especially the leading cadres at and above the county and regimental levels, must take the lead in emancipating the mind and changing concepts. Second, it is necessary to mobilize the forces in various social quarters to do a good job of emancipating the mind and changing concepts. It is also necessary to encourage the theoretical workers to go deep into the realities of life, immerse themselves among the masses, and go right to the front line of reforms to study the new situation and new problems and sum up new experiences. We must strive to make the work of changing concepts a precursor of the political structural reform through our joint efforts.

2. Grasp the Key of Separating Party From Government and Make the First Step in Reform of Our Provincial Political Structure [subhead]

The key problem in reform of the political structure is to separate party from government. This is an important task for the party committees at various levels. Judging from the current developments in our province in separating the functions of party and government, the following problems in the people's thinking should be solved as soon as possible.

First, some people are apprehensive that after separating the functions of party and government, local party committees at various levels, especially at the county level, may have no policies to make or may even have nothing to do. Recently, when I was in Yuncheng and Linfen Prefectures, I also heard people ask: "Since both the central and provincial authorities have already worked out policy decisions, why should the county make policy decisions?" In my opinion, things are not as simple as that. Even a small enterprise, which has some tens of workers, should have its own policy decision. How can a county with several hundred thousand people have no policy decisions? In this regard, a question should be answered first, that is, what on earth should the local party committees do? In his report at the 13th CPC National Congress, Comrade Zhao Ziyang mentioned five major functions of local party committees at various levels. One of them is to work out policy decisions on the major issues of their localities. On the question of dividing up the range of policy decisions between party committee and government, the party

committees must change their past practice of taking over everything and having everything discussed at the committee meeting and decided by the party committee. However, this does not mean dividing up the power in an oversimplified manner, nor does it mean that the party committee will only take care of political affairs while the government will only take care of economic affairs, as some people think. The range for the party committees at various levels to make policy decisions on the major issues of their localities should not be determined by whether something is a political affair or an economic affair but should be determined by considering the importance of the matter. It is wrong for the party committees to take over everything, no matter whether they are important or not; but it is also wrong for them not to grasp economic affairs and not to make policy decisions on the major issues of economic construction and of reform and opening up.

Second, some people are apprehensive that after separating the functions of party and government, local party committees at various levels may not be able to carry out management over economic construction. After separating the functions of party and government, apart from solving the problem of "what to take care of," it is also necessary to change the style of leadership and the style of work on the question of "how to take care of." It is necessary to handle well the relationship between party committee and People's Congress and between "the government and the two chambers," so that they can carry out their work and actively play their respective roles and functions within the ranges prescribed by the Constitution and laws and through legal work procedures. In this respect, the government must change the concept of excessively relying on the party committee and free itself from the mental situation of asking the party committee for instructions in all cases and being afraid of assuming responsibilities. Both the cadres and the masses must also change their concept of "nothing can be done without the approval of party secretary." But judging from the current situation, the main problem is that the party committee should change its concepts. When I was in Yuncheng and Linfen Prefectures, my main task was to study economic problems, such as the development of shoals and sands in the Huanghe, the construction of commodity grain bases, and the question of helping poor counties to get rid of poverty and become rich. The party committee must study all these problems and work out policy decisions, because they are all strategic matters concerning the development of our province in the future. However, on the method of study and the procedure of making policy decisions, we must change our past style of leadership and style of work. We must submit the result of our study and policy conclusions to the government and the People's Congress in the form of making suggestions so that they can become administrative laws and regulations or administrative measures through legal procedures and be implemented by government organizations. We must realize that the separation of party and government has actually set a higher demand on the party leadership. The loads of the

party committees are not lighter, but heavier. This kind of higher-level leadership requires that the main responsible comrades of local party committees should stand higher, see farther, and ponder things more deeply. The party leadership will be weakened or discarded if the party committees think that their loads have become lighter since they have been freed from certain day-to-day work and if they regard it as having no more responsibilities. These questions have yet to be further studied by our comrades in their practice.

Third, Some people are apprehensive that by pushing forward reform of the political structure at present, especially by separating the functions of party and government, our pace may be too fast and we may be doing something from the senior stage of socialism that should not be done in the initial stage. We have said that a striking characteristic of the initial stage of socialism in the political and ideological fields is that as the socialist political system has just been established, it is still imperfect in many aspects and needs to be further summed up and improved through our continuous efforts. In the senior stage of socialism, the socialist political system should become rather perfect and more effective new structures with greater vitality, including the political, economic, science and technological, educational, and cultural structures, should be established in various fields. Therefore, judging from the overall situation, the historical task of reform of the political structure should naturally be completed in the initial stage of socialism. In this respect, the leading cadres at various levels in our province must have a correct understanding of the task of reform of the political structure, which has been entrusted to us by the initial stage of socialism, and must dare to smash the shackles of certain traditional theories and concepts. They must free themselves from the definitions of books and make efforts to perfect and develop the Marxist theory on party and government relations through practice.

3. With Reform in a Dominant Position, Handle Well the Relationship Between Political and Economic Structural Reforms and Economic Construction (subhead)

(1) It is necessary to firmly establish a guiding ideology that economic construction should rely on and be promoted by reforms. Our practice over the past 9 years in economic and social development shows that all our achievements come from reforms and our hopes are placed on reforms. In order to make greater achievements, it is necessary to speed up and deepen reforms. It is necessary to make the broad masses of party members and cadres understand that speeding up the pace of socialist modernization and concentrating our strength on the development of productive forces is the central task of the socialist society, especially the initial stage of socialism. This task cannot be fulfilled without reforming the long-standing old structures that do not suit the development of productive forces. The political and economic structural reforms and economic construction supplement and promote each other. If we only grasp

economic construction to the neglect of reforms, especially to the neglect of political structural reform, and if we are used to maintaining our work orders under the old structure, which is characterized by over-centralized power, indistinct functions, and overstaffed and overlapped organizations, not only will economic construction be harmed but also the pace of reforms will be slowed down. The only criterion for judging both the economic and political structural reforms is whether the development of productive forces is promoted. This is an important question of principle. All prefectural, city, and county party committees should grasp it firmly. If this problem is well solved and the people have a clearer understanding of this question, there will be a very definite guiding ideology for the solution of some new problems and new things that have emerged in the political and economic structural reforms. In order to carry out reforms, there must be a large number of reformers who are bold at blazing new trails and creating new things. Reform is a great cause. It needs a number of pace setters. Our leading cadres at and above the county level should make themselves the pace setters of reform and should be bold at blazing new trails and creating new things. The reformers may encounter more difficulties and problems on the road forward. We must understand them, support them, take a correct attitude toward their mistakes in practical work, and enthusiastically help them overcome their own shortcomings and defects so that they have nothing to worry about in the rear and can make greater contributions in reform. When this problem is correctly and successfully solved by our party committees at various levels, our great cause of reform will be able to make a greater step forward.

(2) It is necessary to maintain a good social environment for reform and construction. The party committees of various prefectures (cities) and counties must endeavor to create their own "small climates" and work out concrete policies to suit their specific characteristics. They must attach great importance to and strengthen ideological and political work in reform of the political structure and strengthen the building of socialist spiritual civilization in both urban and rural areas. They must pay attention to strengthening their close ties with the masses, be concerned with their well-being, do their best to solve various problems concerning the immediate interests of the masses, and ensure that the work and study of the broad masses of people can be carried out in good order.

(3) It is necessary to solve the contradictions among various interest groups. Reform will inevitably bring about a readjustment of various interest relations. At present, what is much talked about is the question of commodity prices. The masses of people have directly linked this question to reform. This should arouse our serious attention. The central authorities have also adopted some countermeasures. The prices of several foodstuffs are linked with price subsidies so that the people's standard of living may not drop due to the price increase. In price control, it is necessary to check the

tendency of indiscriminately increasing prices. The masses will continue to complain if this problem is not solved. Of course, it is not correct to say that keeping prices unchanged for a long time is a good thing, because it does not conform to the law of value and the law of the commodity economy. We must offer some guidance in this respect. In reform of the political structure, the transfer of power to the lower levels means that the power of the higher level departments is weakened while that of the grass-roots units and enterprises is expanded. It is necessary to solve the contradictions concerning the interests of various quarters in the course of transferring power to the lower levels. The leading cadres at all levels must set a good example in this respect. They must develop the lofty spirit of serving the people wholeheartedly and strive to make new advances through blazing new trails and hard struggle, but must never seek their personal gains. It is the people who give them the power. Therefore, they must serve the people and must never take advantage of their power to seek private interests. We must further improve our supervisory system and give full play to the roles of the people's congresses and the CPPCC at various levels. The prefectural, city, and county party committees must support their work. We must forcefully commend the advanced units and individuals who have always taken the interests of all into consideration and strictly observed discipline.

(4) It is necessary to conduct more experiments so that there can be a sound basis for further carrying out reforms. Since the 13th CPC National Congress, the provincial party committee has conducted two experiments on reform of the political structure. One is the experiment on comprehensive structural reforms at the county level, in which Yuanping, Quwo, Linyi, and Yangcheng Counties and Taiyuan City as well as two poor counties, Xixian and Hequ, are selected as the places to conduct the experiment. The other is an experiment on changing functions and institutional reform, in which the provincial engineering and electronics industrial department and the light industrial department were selected for the experiment. This is an important step taken by the provincial party committee in promoting reform of our provincial political structure and other reforms step by step and under leadership. To strengthen leadership over the experimental work, the prefectural (city) and county party committees concerned must offer necessary guidance and cooperation and must send some cadres to participate in this work. At the same time, various prefectures and cities can also select one or two counties or districts to carry out experiments in light of their specific situations. The range of experiment can be extended. Since it is an experiment, we must be bold at blazing new trails and creating new things and must not wait for concrete plans from above.

Shanxi Public Health 'Army' Improves Lives
OW2605121988 Beijing XINHUA in English 0719
GMT 25 May 88

[Text] Taiyuan, May 25 (XINHUA) — An army of peasant health workers is being formed in this north

China Province of Shanxi to help rural families acquire healthy practices and end old, superstitious ways.

In Yuncheng Prefecture the army now numbers 60,000 and will reach 780,000 by next year if a program aimed at training one health worker for each household is fulfilled.

The program began only two years ago when two cadres of the Zhangjiazhuang Village in Jishan County of the prefecture found peasants wanted to know more about health and sanitation as they got richer from farming.

So the two, who are medical school graduates, set up a "peasant health education society" and started giving classes on personal sanitation, diets, maternity care, child hygiene and the environment.

By the beginning of 1987 they had trained one health worker for each family in the village, which accordingly set out sanitary rules and standards for everyone to follow.

The program was so successful it was spread countywide. By the end of 1987, 10,000 families had health workers.

It was then adopted throughout the prefecture.

The peasants now pay more attention to diet. They no longer eat rotten food because they realize that will lead to sickness.

One household used to have a single towel for everybody. Now each member has his own.

Most families now keep a supply of medicines on hand to treat health problems quickly before they become serious.

The peasants are doing away with superstitions and the blind faith passed down by uneducated elders.

And witches are finding less and less support among the people.

Tianjin Secretary at Reception for Combat Heroes
SK2605082388 Tianjin City Service in Mandarin
2200 GMT 25 May 88

[Text] People from various circles of Tianjin held a ceremonious reception at the municipality's cadre club on 25 May to welcome the honorable and heroic return of army units which had participated in the war [against Vietnam]. Attending the reception were party, government, and army leaders of the municipality, including Li Ruihuan, Tan Shaowen, Nie Bichu, Liu Jinfeng, Wu Zhen, Zhang Zaiwang, Lu Xuezhong, Huang Yanzhi, Pan Yiqing, Lu Huansheng, He Yanran, and [name indistinct]. They met with leaders and combat heroes of our municipality's army units which participated in the war.

(Zhang Shiyun), commander of an army regiment of our municipality which won a collective second-class merit citation in the defensive war against Vietnam, gave a report on the efforts of the (ground force) and its brilliant victories. He said that the regiment's officers and men had successfully played a good role as representatives of Tianjin in the war and pledged that they will take the lead in participating in Tianjin's four modernizations drive in the future.

Li Ruihuan, secretary of the municipal party committee and municipal mayor, welcomed the return of the heroic and victorious army units on behalf of the people throughout the municipality. He said: The army units which participated in the war displayed patriotic spirit and punished the enemy in the days of defense of the southern frontier. [words indistinct] They are worthy to be called a unit of victory, a unit of civilization, and representatives of the Tianjin people.

Over the past few years, the army units stationed in Tianjin and the Tianjin people have established a profound friendship between them and made conspicuous contributions to the two civilizations of Tianjin. We should widely publicize the spirit of Laoan and emphasize political awareness, sacrifice, the glorious tradition of plain living and arduous struggle, and national spirit. After learning from their heroic deeds, I believe the people throughout the municipality will work actively, make progress, and make new brilliant contributions.

Literary and art workers of groups of people from various circles who had gone to Laoan during Spring Festival to convey greetings and appreciation to the army units participating in the war staged a colorful performance for the heroes. The reception was permeated with a warm atmosphere characterized by Army-government and Army-civilian unity.

Northeast Region

Heilongjiang Secretary at Party Work Conference
SK2605112788 Harbin Heilongjiang Provincial
Service in Mandarin 0900 GMT 25 May 88

[Text] The party building work conference held by the provincial party committee concluded in Harbin this afternoon after a 3-day session. The conference called on party organizations at various levels throughout the province bravely to conduct explorations on the new experiences in party building in the new situation of reform and opening up; to solve new problems; to conscientiously make a success of party building; and to ensure that our province's reform, opening up, and economic construction enter a new stage.

Participants in this provincial party building work conference heard introductions of typical experiences given by seven comrades and discussed. They also modified

the interim regulation on the several questions concerning recruitment of party members and five other regulations, including the plan for evaluating party members throughout the province.

Zhou Wenhua, deputy secretary of the provincial party committee, presided over today's session.

Sun Weiben, secretary of the provincial party committee, delivered a speech. He said: The gradual deepening of reform and opening up and the continuous development of the commodity economy have brought many new situations and new problems to the setup and style of activities of grass-roots party organizations. This requires that we reform the uniform organizational setup and the closed and unitary style of activities that took shape in the past conditions of a product economy. This reform should be carried out in a active, yet prudent manner. Different demands should be set on different levels and different trades.

The work to abolish the leading party groups in the various government departments should be tried out in selected units and be carried out step by step from the higher levels downward in coordination with institutional reform. It is in conformity with the orientation of reform that the party organizations of enterprises and institutions are administered by their appropriate higher authorities. This should be tried out successfully in selected units and then popularized throughout the province when conditions are ripe.

Party organizations of small enterprises and contracted or leased enterprises may enforce the single-track system, allowing administrative leaders, ordinary cadres, or worker party members to serve concurrently as responsible persons of party organizations. Party organizations of large and medium-sized enterprises should readjust well the setup of their work organs and gradually bring into better balance the relations among party, administrative, and trade union bodies.

Chinese-foreign joint ventures and cooperative enterprises and the enterprises run exclusively with foreign funds should establish party organizations when conditions permit. Party organizations should be established in rural areas based on the trades of production or business, the inhabited areas, and the number of party members.

Xie Yong, secretary of the provincial Discipline Inspection Commission, spoke on how to strengthen party discipline in the conditions of reform and opening up. Wang Haiyan, deputy secretary of the provincial party committee, spoke on how to implement the guidelines of this conference.

Chen Yunlin, deputy secretary, and Yang Yusheng and Qi Guiyuan, members of the Standing Committee of the provincial party committee, attended the conference.

Heilongjiang Vice Governor Inspects Suifenhe
SK2605080588 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 24 May 88

[Text] During his inspection tour of the border city of Suifenhe on 24 May, Vice Governor Du Xianzhong pointed out: We should boldly carry out any business that can create good economic results and open the province to all directions.

Du Xianzhong said: The city of Suifenhe is one of the country's important foreign trade outlets as well as an outlet for domestic trade. We should open the province to all directions through multilayered and multichanneled economic and technical cooperation and export of labor services, and improve our economic pattern in line with the spirit of reform. We should consider the development of productive forces as our criterion for boldly carrying out any business that can create good economic results.

Heilongjiang City Residents Support Price Rises
OW2605043888 Beijing XINHUA in English 1421 GMT 24 May 88

[Text] Harbin, May 24 (XINHUA) — Jiamusi City in northeast China's Heilongjiang Province has made it a point to win public support before raising the prices of seven food products.

Prices of these products, which include soy sauce and bean curd, had kept at the same level for 30 years. But when the producers asked for higher prices because of higher production costs, the local authorities were not sure whether the 600,000 local citizens would accept.

On March 27 the city government met 20 representatives of local consumers and explained to them why price increases were necessary. The representatives accepted the explanation.

Local departments then followed with a survey of people's opinions. They found that 82 percent of those surveyed agreed with the increases.

The city government made a final decision to increase the prices for the seven products on April 12.

Jilin Discipline Commission Holds Session
SK2605101188 Changchun Jilin Provincial Service in Mandarin 0930 25 May 88

[Text] The newly elected members of the provincial Discipline Inspection Commission participated in their first plenary session on 25 May. The session was presided over by Comrade Li Deming.

Through repeated deliberation at the session, these members elected the Standing Committee members, secretary, and deputy secretaries of the provincial Discipline Inspection Commission and conscientiously discussed, examined, and approved in principle the Jilin Provincial CPC Committee's Discipline Inspection Commission resolution on strengthening party discipline and the sense of responsibility to the party in the course of carrying out reform and opening to the outside world.

At the conclusion of the session, Li Deming, who was reelected secretary of the provincial Discipline Inspection Commission, made a speech. On behalf of all newly elected Standing Committee members, he expressed his determination to try his best to overcome difficulties, to work selflessly for the public interest, and to live up to the trust placed on him by party members throughout the province and by the plenary session of the provincial Discipline Inspection Commission. He also pledged to work with absolute sincerity, to support all their work, to conscientiously implement the principle of democratic centralism, and to depend on collective wisdom and efforts to fulfill various tasks.

After objectively analyzing the current party situation and the repercussions on party work among the masses with and without party affiliation, Li Deming pointed out: The current situation on both economic and political reforms is very good; and this situation will become better and better and will be increasingly conducive to straightening out party style. Public opinion and urgent demands of the vast number of party members and the masses provide favorable conditions and strong momentum for us to do our work well. So long as we do our work well, the masses will surely support us.

Referring to implementing the party Central Committee's guidelines on discipline inspection work, Li Deming stressed the necessity of upholding two points: Combining reform and structural building with the strict administration over the party, and uniting the spirit of blazing new trails with the idea of observing discipline. He also said: In building party style and discipline, we should have our eyes on reform. In carrying out reform, we should not neglect discipline; and in enforcing discipline, we should not stick to conventions.

Speaking of the work of the plenary session of the provincial Discipline Inspection Commission and the building of the ranks of discipline inspection cadres, Li Deming said: To successfully take on the duties entrusted to discipline inspection units by the 13th party congress and the party Constitution, we should strive to build up a compact, efficient, strong, and honest contingent of discipline inspection cadres. This is a matter of prime importance.

In conclusion, Li Deming called on all members of the provincial Discipline Inspection Commission to achieve something during their terms of office, make due contributions to building the province's party style and discipline, and live up to the heavy trust placed on them by the party congress.

Following is the namelist of the members of the Standing Committee of the Discipline Inspection Commission under the Jilin Provincial CPC Committee: Li Deming, (Zhao Yongji), (Li Xinghai), (Zhang Minpin), (Cheng Zhengkang), (Wang Zhanlun), and (Cai Gang).

Following is the namelist of secretary and deputy secretaries of the Discipline Inspection Commission of the Jilin Provincial CPC Committee:

Li Deming, secretary of the Discipline Inspection Commission of the Jilin Provincial CPC Committee; and (Zhao Yongji) and (Li Xinghai), deputy secretaries of the Discipline Inspection Commission of the Jilin Provincial CPC Committee.

Jilin Advisory Commission Elects Officials
SK2605084088 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 25 May 88

[Text] The Second Advisory Commission of the Jilin Provincial CPC Committee held its first plenary session on 25 May, with Comrade Zhang Fengqi presiding. The session's participants deliberated on the suggested namelists of candidates for Standing Committee members, chairman, and vice chairman of the provincial Advisory Commission; discussed and passed the electoral method; elected ballot supervisors; and elected Standing Committee members, chairman, and vice chairman of the provincial Advisory Commission. Zhang Fengqi was elected chairman of the provincial Advisory Commission and Xiao Chun was elected vice chairman of the commission.

DPRK Provincial Delegation Visits Jilin
SK2605074788 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 21 May 88

[Text] At the invitation of the Jilin provincial people's government, a six-member delegation of the Yanggang Provincial papermaking industrial trade, headed by (Kim Chong-yol), vice chairman of the Yanggang Provincial Administrative and Economic Guidance Committee in the DPRK, arrived in Changchun by train on the morning of 21 May for a visit to Jilin Province. That evening, Gao Yan, vice governor of Jilin, met with and feted the Korean guests. Some pertinent leaders were invited along with the guests.

After visiting some plants and shops in Changchun, the delegation will continue its visit in Jilin City and the Yanbian Chaoxian Nationality Autonomous Prefecture.

Liaoning's Qian Shuren on Foreign Trade
SK2605131788 Shenyang LIAONING RIBAO
in Chinese 6 May 88 p 1

[Text] Have firm confidence, boldly make explorations, accelerate reform of the foreign trade structure, and promote the work of opening the province and Liaodong Peninsula to the outside world. This was set forth by the

provincial government at the recent provincial conference on reform of the foreign trade structure. The conference emphatically studied and explored ways to deepen the reform of the foreign trade structure and further implemented the system of contracted responsibility for fulfilling the 1988 foreign export trade and foreign exchange earning targets. Quan Shuren, secretary of the provincial party committee; Dai Suli, chairman of the provincial Advisory Commission; Wen Shizhen, vice governor; and Zheng Silin, assistant to the governor, made speeches at the conference.

Over the past few years, our province has carried out a series of reforms, such as conducting inherent reform among foreign trade enterprises, developing industry-trade and agriculture-trade cooperation, and delegating to large enterprises and enterprise associations the rights to foreign trade management. As a result, the previous situation of monopolized management of foreign trade and of everybody eating from the same big pot has been changed. The province's foreign trade growth rate peaked in the past 2 years. The province created more than \$1.5 billion from exporting local products last year; thus, the situation in which the export of local products extricated itself from protracted stagnation has been changed. However, the current foreign trade structure is far behind the demands of the situation of opening to the outside world. In particular, there was no big progress in decontrolling management.

Comrade Quan Shuren pointed out in his speech that accelerating reform of the foreign trade structure is a key step for opening Liaodong Peninsula to the outside world. In order to open itself to the outside world, Liaodong Peninsula should rely on its own advantages and use the favorable opportunity created by the current international economic situation to develop exports and imports on a large scale with a view to accelerating the development of the four modernizations. While developing exports and imports on a large scale, we should give priority to large-scale exports. Only when large-scale exports are promoted can large-scale imports be ensured. Large-scale imports should be developed in order to serve large-scale exports. The fundamental purposes for reforming the foreign trade structure are to promote large-scale exports, to comprehensively carry out the foreign trade contracted management system, to smash the big pot, and to arouse the enthusiasm of all fields based on the principle of assuming responsibility for one's own profits or losses. We should arouse the enthusiasm of foreign trade companies and departments, production enterprises, and all cities and counties to increase exports and foreign exchange earnings. Therefore, whether or not we can achieve a success in reforming the foreign trade structure hinges on our achievements in decontrolling management based on the principle of assuming full responsibility for one's own profits or losses and in arousing the enthusiasm of all fields.

He said: With regard to reform of the foreign trade structure, we should now attend to the following few

tasks: First, we should emphasize decontrolling management based on the principle of assuming full responsibility for profits or losses and delegating the right to foreign trade management to lower levels.

Based on the principle of assuming full responsibility for one's profits or losses, the province should delegate the rights to foreign trade management to all cities. Meanwhile, enterprises with full responsibility for their profits or losses, particularly large and medium-sized enterprises installed with foreign trade talents and appropriate organs, are allowed to exercise foreign trade management right. Enterprises are allowed to enter the international market and join the great international economic cycle. Thus far, more than 400 enterprises are allowed to do so with the approval of the province. From now on, increasingly more enterprises will successively be approved to do this. Enterprises where conditions do not currently permit should pay firm attention to creating conditions. Small and medium-sized enterprises and units with difficulties in foreign trade management should be organized into associations or foreign trade groups based on the principle of being delegated the right to foreign trade management. At the same time, universities, colleges, and scientific research units should be delegated the right to management decisionmaking. The right to foreign trade management should be delegated to some counties that have the conditions. With rights to be delegated and competition to be introduced, the people will be aroused with enthusiasm. Through competition, product quality will be upgraded, losses will be reduced, and we will be able to enhance our competitiveness on the international market. Generally speaking, competition is conducive to expanding exports, creating foreign exchange, and promoting foreign trade management. After the right to foreign trade management is delegated to lower levels, the provincial-level companies should gradually act as agents for other enterprises, vigorously conduct industry-trade and agriculture-trade cooperation, vigorously develop overall management, energetically pioneer international trade markets, give great assistance to enterprises in developing processing and assembling industries using materials and specifications provided by foreign firms, bring in foreign capital to develop "three-capital" enterprises, and strive to promote export and import trade on a large scale. Foreign trade departments should cultivate skilled persons with ability in developing foreign economic relations and trade, while each provincial-level foreign trade company should assume responsibility on a contracted basis for cultivating skilled persons for a city. Second, we should carry out the system of contracted responsibility for foreign trade structural reform. The 1988 export and foreign exchange earning targets should be fulfilled. The provincial foreign trade company should be contracted to fulfill the foreign exchange earning target, while all cities should be contracted to fulfill the targets for purchasing the commodities to be exported. Awards and punishment should be given according to the fulfillment of the targets.

Comrade Quan Shuren stressed: From now on, the foreign trade front should stress the construction of special export plants and bases and pioneer and expand export product sources. The expansion of export product sources will be ensured with special export plants and bases to be set up. Sources of export products should be provided by enterprises. At the same time, the requirements for creating foreign exchange through exports and the sources of export products should be ensured within a fixed time. The existing product bases should ways to upgrade product quality and reduce production costs. Developing a group of key enterprises and fist products with Liaoning's advantages is a task of particular importance. The policies on giving preferential treatment to special export plants should be implemented but must not be cut off. Relevant departments should give them appropriate preferential treatment with regard to the supply of capital, raw materials for production, and energy resources.

Quan Shuren said: Developing "three-capital" enterprises among various localities is a focal point of opening Liaodong Peninsula to the outside world. Old enterprises will be transformed through developing "three-capital" enterprises and bringing in capital, equipment, and foreign advanced management experiences. This is also a major way to transform our old enterprises. Thus, all cities should arrange, in a planned manner, a group of old enterprises to develop "three-capital" enterprises. At the same time, enterprises are allowed to invite a group of foreign specialists to undertake enterprise management based on "one plant, two management systems." "Three-capital" enterprises should bring foreign specialists' roles into full play and ensure that they will exercise their enterprise management right according to international practice. No department is allowed to meddle in the affairs of enterprises or arbitrarily apportion expenses from enterprises.

Liaoning Capital Improves Investment Conditions
OW2605011188 Beijing XINHUA in English
1413 GMT 25 May 88

[Text] Shenyang, May 25 (XINHUA) — Shenyang, the capital city of northeast China's Liaoning Province, is constructing ten large infrastructural projects to improve its investment conditions.

The projects include a large railway station, an airport, a telecommunications center, a thermal power station and a waste water treatment plant, according to a local government official.

All these are listed as key construction projects by the city government for the Seventh Five-Year Plan period (1986-1990). Each project will need an investment of at least 100 million yuan.

They are expected to be completed in two years, said the official.

The new airport will be able to receive international airliners and link the cities with other parts of the country.

Northwest Region

Many Ningxia Congress Deputies Unqualified
OW2605111288 Beijing XINHUA in English
0745 GMT 26 May 88

[Text] Yinchuan, May 26 (XINHUA) — Nearly one third of the deputies elected by the Ningxia Hui Autonomous Region to the National People's Congress were not qualified to hold the office.

And the reason was leading officials of the committee had not studied the law sufficiently, Ma Youde, vice-chairman of the Standing Committee of the region's People's Congress, said in a self-criticism delivered at the first plenary session of the local congress under way here.

The vacancies will be filled in another election, according to the session's agenda, he said.

In the elections for deputies in January, five candidates failed to get at least half votes as the law requires.

The Ningxia People's Congress decided the five deputies who got more than one third of the votes in another round of voting should be deemed elected.

However, their elections were nullified at the First Session of the Seventh National People's Congress in March.

Shaanxi Holds Seventh People's Congress Session

Governor Gives Report
HK2605132088 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 21 May 88

[Text] In his government work report to the first session of the seventh provincial People's Congress, Hou Zongbin pointed out that it is necessary to further emancipate one's mind, transform the functions of the government, and improve the work style of cadres.

Hou Zongbin said: It is necessary to firmly uphold the idea of taking the development of the productive forces as the key link. The productive forces are the fundamental criterion in evaluating the degree of a society's development. In the initial stage of socialism we must rectify our deficiencies by developing the commodity economy. As an underdeveloped province Shaanxi is more in need of altering its pace and vigorously developing the productive forces. Ideologically speaking, the main reason why we always suffered from Leftist errors in the past was because we ignored the productive forces criterion, and tried to build socialism according to abstract principles and in imitation of utopian modes. In

assigning tasks, examining work, and appraising a person's performance, some departments still have not taken the contribution to development of the productive forces as a fundamental criterion. Although some reformatory policies are obviously favorable to the development of the productive forces, these department may wonder whether or not these policies conform with the socialist principle. Although some flexible measures are obviously favorable to the development of the commodity economy, they are always countered by many restrictions, rules, and regulations. Meanwhile, some of our comrades always refrain from introducing the experiences of other provinces which have proved favorable to the development of the productive forces, being afraid of committing political mistakes in so doing. All the above cases show that Leftist ideology remains the main obstacle to the development of the productive forces. We must launch a massive discussion on the productive forces criterion among our cadres and the masses, in accordance with the plan laid down by the provincial party committee. We must continue to clear away the influence of the Leftist ideology, break away from hidebound thinking, place more stress on the productive forces criterion, and encourage another round of ideological emancipation.

Hou Zongbin also emphasized: Government functionaries at all levels must carry forward fine traditions, get rid of all old bad habits, and promote a fine style in practicing honesty in performing official duties, strictly observing discipline, leading a simple life, working hard in a down-to-earth manner, upholding the principle of seeking truth from facts, and enforcing government policies resolutely and efficiently. They must be determined to curb the malpractices of seeking personal interests by making use of official power, using public office for private gain, spending public funds in an extravagant and wasteful manner, and seeking favor by giving banquets and presenting gifts. Our leading organs and leading cadres must play an exemplary role in upholding principles, observing discipline, abiding by laws, and opposing malpractices, and they must see that their own organs and their family members behave properly. It is necessary to give fuller play to the supervisory role of supervisory bodies and the press. It is necessary to resolutely and promptly handle cases of serious bureaucratism and malpractice, and no appeasement is permitted. Different departments must take invigorating Shaanxi as their common goal, seeking common ground on major issues while reserving differences on minor ones; seeking mutual understanding and supporting each other; avoiding disputes over trivial things; and thus completing through concerted efforts all the tasks the party assigns them. After this session of the People's Congress our governments at all levels must formulate their plan to overcome bureaucratism, improve their members' attitude toward government, and raise working efficiency so that government functions can be improved in all aspects. The provincial

government and all provincial departments and bureaus must take the lead in setting strict requirements on themselves and thus set good examples for the people in the province.

'Sense of Crisis'

HK2705013988 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 26 May 88

["Special Feature" by station reporter: "Gratifying Sense of Crisis and Urgency"]

[Excerpts] A profound impression made on this reporter by the first session of the seventh provincial People's Congress is that the deputies are extremely worried that backward Shaanxi is facing a serious challenge from both east and west and that the province must work hard to catch up. [passage omitted]

Shaanxi has indeed made progress and developed compared with before. However, very few of the 600 deputies are dizzy over and satisfied with the present achievements. On the first day of discussions on the government work report, a number of deputies pointed out that the report made an over-optimistic evaluation of the rural situation. Still more deputies broadened their vision and searched out discrepancies through making comparisons. They pointed out that Shaanxi's economic development level lags behind national standards. The province requires large financial subsidies, and industrial and commercial enterprises lack vitality and their economic returns are low and unstable. Investment in agriculture is rather small and there is not enough reserve for development. This is our current situation.

People can be still less unconcerned over the fact that following the institution of the coastal development strategy, the challenges facing Shaanxi are still more rigorous. This is because the pace of reform and opening up in the coastal regions will speed up still more, and market prices in those regions will often fluctuate under the influence of the international market. Shaanxi's financial weakness increases its difficulties in stabilizing the macroeconomy. The institution of the coastal economic development strategy will serve as a very great attraction for talented people of all types in the province, and if things are not handled well, Shaanxi's science and technology talent will flow eastward. Should not the people of Shaanxi feel a sense of crisis at all this? [passage omitted]

At the panel discussions, this reporter frequently heard the strong call: The main governing principles have been laid down, and the key lies in implementing them and seeking practical results. This call reflects the common aspirations of the province's people and will also become a spiritual force for those people eager for reform who work hard to invigorate the province's economy.

Discusses Election Problems
HK2705010588 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 26 May 88

[Text] The presidium of the first session of the seventh provincial People's Congress held its sixth meeting on the morning of 26 May, Executive Chairman Li Xipu presiding. The 56 Presidium members attending discussed and studied matters concerning the congress elections.

In view of the fact that at the elections on 25 May, none of the candidates for the posts of chairman of the provincial People's Congress Standing Committee, president of the provincial Higher People's Court, and president of the provincial Procuratorate gained the required number of votes and thus could not be appointed, the meeting decided that, in accordance with the relevant election laws and the election methods in use at the congress, the elections for these posts are to continue on the basis of giving scope to democracy and holding repeated discussions. In addition the deadline for nominating candidates for the posts of vice chairmen of the provincial People's Congress Standing Committee and vice governors will be extended. The meeting also decided to extend the congress and readjust its agenda.

Xinjiang Leader Addresses Islamic Congress
HK2705022388 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 27 May 88

[Text] On the afternoon of 25 May, Amudun Niyaz, deputy secretary of the regional party committee and vice chairman of the regional People's Congress Standing Committee, addressed the fourth regional Islamic congress. He stressed that under socialist conditions, loving one's country and loving one's religion are identical; the minority nationalities can only enjoy economic

and cultural development if the state prospers and flourishes and nationality solidarity is strengthened; and the Muslims of various nationalities can only enjoy a happy life and fully exercise freedom of religious belief if the state is rich and the people strong.

Amudun Niyaz said: It is necessary to fully appreciate and carry out the party's policy on freedom of religious belief, and promote further activities to popularize legal knowledge and to teach and study party policies among religious believers, so that they will spontaneously apply the constitution and the party policies to circumscribe religious activities. We should unite the religious believers of all nationalities to serve the building of socialist material and spiritual civilization. We should actively advocate the fine traditions of solidarity and friendship, finding joy in assisting others, respecting the old and caring for the young, and practicing diligence and thrift, and change outdated customs and habits that do not benefit the progress of the nationalities. It is necessary to strengthen administrative leadership over religious activity sites and manage them according to law.

We should continue to carry out friendly international religious exchanges in an organized way under leadership. We must resolutely resist infiltration by reactionary external forces and hostile religious forces.

Amudun Niyaz expressed the hope that the Xinjiang Islamic Association will continue to work hard on the basis of its achievements and give further scope to the positive role of religious bodies.

Yesterday morning, CPPCC Vice Chairman and regional Advisory Commission Chairman Wang Enmao, and regional leaders Song Hanliang, Tomur Dawamat, Li Shoushan, Amudun Niyaz, and Zhang Sixue met the delegates attending the congress and were photographed with them as a memento.

Verdict on Businessmen With PRC Ties 'Severe'
HK2405102688 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1146 GMT 20 May 88

[Report by Kai Wen (0418 2429): "A Verdict That Wins No Acclaim From the People"]

[Text] Hong Kong (ZHONGGUO TONGXUN SHE)—On 17 May, the Taiwan Supreme Court passed a verdict on Kuo Shu-kui [6753 2885 7608] and Lin Min-min [2651 7036 3046], Taiwan businessmen that had conducted direct business with the mainland. They are accused for "providing money and assets for traitors."

Apart from the sentence of 5 years in prison, the authorities concerned continued to use the autocratic practice adopted by previous feudal emperors to search Kou's and Lin's houses and to confiscate their property; and only "a certain amount of living expenses is left to their family members." Such a severe sentence is really heavier than that for ordinary political crimes.

What "crimes" did Kou and Lin really "commit?" As disclosed by Taiwan newspapers, in 1986, Huang Te-wang [7806 1795 2489], an Overseas Chinese in Japan, asked Kou Shu-kui to go to the mainland on his behalf to buy elvers (young eels) through his elder brother in the mainland and the "Nankong Qinying Company" in Xian. Lin Min-min, the responsible person of Taipei Tunghsiang Enterprise Company, lent out \$30 million as deposit. After this, both parties also engaged in joint production of telecommunication products.

These two cooperative projects are accused by the Taiwan Supreme Court of violating the ordinances for punishing rebellion activities and Regulation 240 of the criminal laws, and are declared guilty. These laws and decrees were formulated 30 years ago. They are too rigid and outdated to judge the changing situation between the two sides of the Taiwan strait.

The relationship between the two sides of the strait has been drastically changed since November last year when the Taiwan authorities began to allow civilian people on the island to visit their relatives in the mainland. The volume of indirect trade between the two sides has increased greatly, and the degree of cultural exchange has

been continuously expanded. Moreover, the connections between the relatives living on the two sides of the strait, which were cut off for nearly 40 years, are resumed. Various signs indicated that the attitude toward each other has been changed from an antagonistic one into a relaxed one. Recently, Taiwan officially sent a delegation to the 22nd Asian Development Bank conference. This further illustrated that Taiwan's "irreconcilable attitude" toward the mainland has been changed.

Since the relationship between the two sides of the strait has been changed, the accusation of direct trade between the people of the two sides for "providing money and assets for traitors" has thus in fact gone against the will of the majority of the Taiwan people.

As revealed, Taiwan economic departments days ago analyzed this verdict made by the court and that in considering it from a strictly economic aspect, there are more disadvantages than advantages in conducting direct businesses and trade with the mainland at present. I do not know on what basis the economic officials made such a judgment. On the basis of this case, in which Kou and Lin purchased elvers from the mainland, the cooperative project has no disadvantage at all. Materials revealed that every year Taiwan needs 40 tons of elvers as the main commodity fish exported to Japan. However, due to serious pollution of the rivers in Taiwan, Taiwan can only produce 3 to 4 tons of elvers each year. It is no longer a secret that elvers is purchased from the mainland. The only difference is that the fry was transhipped to Taiwan in the past, but now is directly imported to Taiwan. Therefore, judging from whatever angles, Taiwan's importation of elvers from the mainland has no disadvantages at all to Taiwan. Same as the importation of raw materials from the mainland, this type of activities are advantageous to Taiwan, not disadvantageous to it. Otherwise, the Taiwan departments concerned would not have relaxed the restrictions on the importation of about 50 types of industrial and agricultural raw materials from the Mainland to Taiwan!

Several Taiwan specialists and scholars objected to the verdict made by the Taiwan authorities on Kou and Lin. They consider that under the situation that policies have been gradually opened, the readjustment in laws is slower than people's steps. The authorities concerned should seriously consider this point.

Hong Kong

PRC Businessmen Criticized For Corruption
HK2705033488 Hong Kong HONGKONG STANDARD
in English 27 May 88 p 11

[Second of a "Three Part Series on Mainland Investment in the Territory" Called "China Inc.: Hong Kong's New Business Barons" by Fan Cheuk-wan, Chan Wai-Fong, and Tammy Tam: Locals Hit Out at Corrupt Cadres;" first part published on page 36 of 26 May China DAILY REPORT]

[Text] Top Chinese government officials are alarmed at allegations that malpractice among mainlanders officially working here is adversely affecting the local economy.

Local businessmen are also concerned about allegedly frivolous investments, disregard for the rules of the game and corruption among these officials who have recently become more active in Hong Kong's economy.

"They use state funds to fatten themselves while the government suffers great losses. It's a pity that many corrupt officials have ruined China's economic reform," said a director of an investment company trading with China.

The harsh criticism levelled at the "damaging conduct" of Chinese officials here by Mr Tsui Sze-man raised eyebrows at last month's meeting of the Chinese People's Political Consultative Conference (CPPCC) in Beijing.

Mr Tsui had also warned of giant Chinese companies, backed by massive state funds, destroying local middle- and small-scale enterprises.

Mr Tsui also accused state cadres posted here of "profusely eating and drinking" and "frequenting obscene establishments".

"Those who have caused financial losses to the state and are corrupt and decadent should be recalled and dealt with according to the law—regardless of who they are," he urged.

Beijing is not unaware of the failings of its cadres. In recent months "ombudsman" offices have been set up in Shenzhen and Shantou to keep malpractice and misbehaviour by state cadres in check.

Modelled after Hong Kong's Independent Commission Against Corruption (ICAC), the two offices are the nation's first anti-graft bodies established to tackle economic malpractice by state officials.

It is unlikely that a similar office will be set up here as the issue is political sensitive.

But the Economic Affairs Department of the local branch of the XINHUA NEWS AGENCY may be expanded to examine the problem.

Visiting Chinese Vice-Premier Mr Tian Jiyun, who is responsible for formulating China's foreign trade and economic policies within the state cabinet, was briefed about Chinese investment here during his six-day stay.

He also had a special meeting with the chiefs of all prominent mainland enterprises here on Wednesday.

Mr Tsui told THE STANDARD that the current "gossip" over lunch or dinner revolved around the misbehaviour of some mainland officials.

"Many people know they (the mainlanders) have a good time here. A number of my friends complained to me about their misconduct and corrupt behavior, but they are afraid of speaking up because the matter is too sensitive.

"Nobody is prepared to talk about the problems openly. Most people discuss the issue privately as they want to keep their business connections with the mainland officials," he said.

The absence of an effective mechanism to oversee fund management of mainland enterprises appears to be the main problem.

Among disputed investments are the successful takeover of the duty-free liquor and tobacco concession at Kai Tak Airport by the China-backed Kiu Fat Investment Corporation last September and the acquisition of 168 urban taxi licences by Go Busy Transportation Limited and Gadol Development Company.

Businessmen question whether it was prudent of Kiu Fat to pay the Government \$4.75 billion over eight years.

Kiu Fat beat Duty Free Shoppers International (DFS), which has operated the business for 26 years, by offering an extra \$2.68 billion.

Kiu Fat is now understood to be losing as much as \$500,000 a day.

Go Busy and Gadol Development Company, both subsidiaries of the China-owned Chu Kong Shipping of Guangdong, paid more than \$600,000 for each of the 168 urban taxi licences in March.

Local businessmen estimate this is about \$20,000 above the market price for each licence. The unusually high bids were said to have disrupted the local taxi market and cut out small local investors.

A local businessman with close connections in Fujian said: "China-backed companies are pursuing a different set of rules here. Mainland officials are not responsible for profits and losses of their companies.

"Some of these officials are mainly concerned with whether they can siphon money out of the business deals for themselves, instead of generating profits for the state," he said.

The Chinese authorities have already begun to pay attention to malpractice or corruption involving party cadres and state officials under the current policy of implementing a commodity and market system.

The Chinese authorities have already begun to pay attention to malpractice or corruption involving party cadres and state officials under the current policy of implementing a commodity and market system.

A nation-wide crackdown has been ordered and the Ministry of Supervision is keeping a watchful eye over the proceedings.

The ministry has already discovered that more than 100,000 foreign economic relations and trade contracts made last December had "serious problems".

Legco Invited To Air Basic Law Views
HK2705034188 Hong Kong SOUTH CHINA MORNING POST in English 27 May 88 pp 1, 2

[By Stanley Leung]

[Text] China has invited all Hong Kong Legislative Councillors [Legco], six of whom are also Executive Councillors, to air their views on the draft Basic Law.

A series of meetings on June 8 or 9 will be the first formal dialogue between members of the territory's legislature and Chinese officials since the release of the draft mini-constitution late last month.

The proposal circumvents a difficult diplomatic situation: the councillors are demanding the right to give their view but Beijing insists that any official opinion from Hong Kong be made through diplomatic channels.

The Legislative Council and district boards, regarded as functions of the British administration, are therefore unable to express a collective view.

China has said, however, that members of the administration, including Government officials, are welcome to comment in their private capacity but that their views will bear no greater weight than those of any other citizen.

But by hearing the councillors, individually or in groups, China can assess the views of the legislature and important community leaders.

Apart from the six Executive Councillors—Miss Lydia Dunn, Miss Maria Tam, Dr Daniel Tse, Dr Chiu Hin-kwong, Mr Allen Lee and Mr Peter C. Wong—seven local Basic Law drafters have been invited to meet the delegation.

Members of district boards and the Urban and Regional councils are also expected to be invited to similar meetings during the Beijing delegation's visit early next month.

Leading the Chinese team will be the chairman of the Basic Law Drafting Committee, Mr Ji Pengfei, who is also the director of the State Council's Hong Kong and Macao Affairs Office.

With him will be vice-directors, Mr Li Hou and Mr Lu Ping, and influential drafters heading the Chinese side of the five drafting sub-groups, although the Basic Law Consultative Committee has yet to announce the list of the delegation.

An official of the consultative committee said yesterday that while councillors were being invited to give their views personally, each would have to submit an outline of what they intended to tell the drafters.

As the invitations were sent out only on Tuesday, there was no indication yet as to how many would accept.

A councillor with a pro-Taiwan background, Mr Pang Chun-hoi, said yesterday he would attend the meeting to "hear the views of the Chinese officials".

Mr Pang said he had no particular views to air to the delegation as he needed more time to digest the complicated draft.

"The draft need not be written with so many details. It should mainly define the central Government's jurisdiction relating to foreign affairs and defence, leaving other powers to Hong Kong," he said.

He felt that the central Government would maintain strong control on the territory. For instance, such control could be exercised through the powerful chief executive after 1997.

Another councillor, Mr Desmond Lee, said he planned to call on the drafters to abandon the concept of an Executive Assembly, similar to the current Executive Council, proposed in the draft.

He will suggest that local courts be given the power of interpreting the Basic Law. According to the draft, the power of interpretation rests with the Standing Committee of the National People's Congress.

The 176 Hong Kong members of the consultative committee will meet the Chinese delegation between June 6 and 8.

Others scheduled for meetings include representatives of educational, legal, political, labour, social work and business groups and delegates of the National People's Congress and Chinese People's Political Consultative Conference.

Revision of Basic Law Opinion Clauses Urged
HK2605120788 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0900 GMT 20 May 88

[Report by Zou Zongbin (6760 1350 1755): "Hu Chu-jen Says the Draft Basic Law Gives the Central Authorities Too Much Power"]

[Text] Hong Kong, 20 May (ZHONGGUO TONGXUN SHE)—Hu Chu-jen, noted figure in cultural circles, said that the clauses of the (Draft) Basic Law for solicitation of opinion will not pose a potential threat to all strata in Hong Kong but they give the central government excessive power of management. He hoped that major revisions will be made on the draft.

Mr Hu said: According to the (Draft) Basic Law, not only the powers of defense and foreign affairs but also the power to make final decisions in many other fields lie with the central authorities. A case in point is that Hong Kong courts shall have no jurisdiction over cases relating to the "executive acts of the Central People's Government." There will be many institutions set up in Hong Kong by the central authorities. Do the activities of these institutions come under the category of "executive acts"? Some commercial activities do not come under the category of executive acts. However, when the Hong Kong Government deals with relevant matters, it will have no jurisdiction over them as soon as the central government issues an order about them, turning them into executive acts. In that case, the power to make final decisions on all things relating to the central authorities lies in the central authorities rather than in Hong Kong.

Again, it is stipulated that Hong Kong is vested with the power of final adjudication. However, because the power of interpretation lies with the central authorities, the power of final adjudication exists only in name if the central authorities interpret the Basic Law differently. Also, Article 16 says that if the NPC "considers that any law of Hong Kong Special Administrative Region" is not in conformity with the Basic Law or legal procedures, it may return the law in question for reconsideration or revoke it. The word "any" is actually the final step to completely controlling Hong Kong laws. This means that the power of legislature is controlled by the central authorities.

He pointed out: Obviously, this is a basic law with administration taking a leading position. Because the chief executive and the principal administrative officials take orders from the central authorities, they will not have sufficient independence and the strong point of the civil official system having high administrative efficiency will certainly be affected.

Again, viewed from the power of the members of the Legislative Council to introduce a bill, the provision of Article 73 is tantamount to saying that the power to introduce important bills can only be had with the consent of the chief executive and the power of the Legislative Council is thus greatly restricted. To sum up, in the draft the Legislative Council does not have sufficient checks over the executive authorities. The Legislative Council does not have enough power while the executive authorities have too much power. Moreover, the executive authorities are highly restricted by the central authorities. Such clauses can only weaken the powers of Hong Kong as a region with a high degree of autonomy.

Mr Hu also said: Some of the provisions in the draft are so extensive and abstract that the phenomenon of people being branded with certain charges will probably emerge at that time. For example, the provision in Article 22 on "act designed to undermine national unity or subvert the Central People's Government," the provision in Article 39 on the maintenance of national security, public order, and public safety, and so on are too vague and general and do not have an objective criterion. Take as an example the bugging of international telephones, China may consider this a need to maintain national security but Hong Kong may also consider it a violation of human rights. Different interpretations of vague and general concepts by both parties will cause a lot of trouble in the future.

Mr Hu indicated that instead of subjecting Hong Kong to excessive restrictions the central authorities should give greater freedom to Hong Kong and let the Hong Kong people live and work in a leisurely and carefree manner.

Memorial Service Held for TA KUNG PAO Publisher
HK2605104088 Hong Kong XINHUA in English
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[Text] Hong Kong, May 26 (XINHUA)—A memorial meeting was held here today for Fei Yiming, publisher of Hong Kong newspaper TA KUNG PAO.

Fei Yiming was also vice-chairman of the Law Committee of the Standing Committee of the National People's Congress of China, vice-chairman of the Committee for Drafting the Basic Law of the Hong Kong Special Administrative Region, and vice-president of the All-China Journalists' Association.

Chinese leaders Zhao Ziyang, Yang Shangkun, Wan Li, Li Peng, Hu Qili and Li Xiannian and others laid wreaths. [sentence as received]

Xu Jiatao, director of the XINHUA NEWS AGENCY Hong Kong branch, presided over the memorial meeting attended by over 1,000 people, and Zheng Hua, vice-director of the XINHUA NEWS AGENCY Hong Kong branch, delivered a memorial speech.

Zheng said that Fei Yiming, a native of Suzhou County of Jiangsu Province, was born in December of 1908 in Shanghai. He graduated from Ecole Supérieure Française, Beijing in 1925 and began to work for TA KUNG PAO in Tianjin in early 1930s and was involved in founding Shanghai's TA KUNG PAO in 1935. During the Japanese occupation in Shanghai, the paper closed down but he remained in Shanghai and pursued in activities for national salvation against the Japanese while working at HARVAT NEWS AGENCY. He was a deputy manager of Shanghai's TA KUNG PAO from late 1945. When Hong Kong's TA KUNG PAO was restored in 1948, he was the manager in charge. When Shanghai was liberated in 1949, He was appointed concurrently manager of Shanghai's TA KUNG PAO. Since 1952, he had been publisher of Hong Kong's TA KUNG PAO until his death on May 18.

From 1955, Fei Yiming was member of the second, third, fourth, and fifth National Committee of the Chinese People's Political Consultative Conference. From 1973, he was elected deputy to the fourth, fifth, sixth and seventh National People's Congress. He was also elected member of the Standing Committee of fifth and sixth National People's Congress and vice-chairman of the Law Committee of the Standing Committee of the Seventh National People's Congress. He was elected member of the Standing Committee and vice-president of the All-China Journalists' Association in 1957 and 1983.

Zheng noted that Fei Yiming was an ardent patriot in his youth and felt deeply a sense of mission to save his country and its people. After the founding of New China, Fei reached out to the compatriots in Hong Kong, Macao and Overseas Chinese in a spirit of unity to support the cause of constructing the socialist motherland. In his broad international contact, he made tireless efforts to promote understanding and friendship between the people of China and those from various countries of the world. In the wake of the Third Plenary Session of the Central Committee of the 11th Congress of the Chinese Communist Party, Fei put forward suggestions in connection with implementation of reform and open policy, promotion of democracy, strengthening of legal system and promotion of education, which were highly regarded by the government. He contributed to Hong Kong's return to the motherland, the stability and prosperity of Hong Kong, and to promotion of connections between the mainland and Hong Kong and Macao. He devoted great enthusiasm to the work of the Basic Law Drafting Committee for the Hong Kong Special Administrative Region.

Zheng said that Fei was always concerned with unification of the motherland, in the hope that the Taiwan authorities would change their mind and endeavor in a

joint effort of the people from both sides of the Taiwan Strait to achieve unification of the motherland and prosperity for the Chinese nation.

Bond Sells Properties, Shows 'Short-Term Outlook'
HK2705014588 Hong Kong SOUTH CHINA MORNING POST in English 27 May 88 p 1

[By Michael Marray]

[Text] Less than two years after acquiring Hong Kong Land's residential portfolio, Australian entrepreneur Alan Bond yesterday disposed of the last of the Luxury properties—making several hundred million dollars profit on the deal.

Bond Corporation International [BCIL] sold its six blocks in Mid-Levels to Shangri-La hotel owners, the Kuok brothers, for \$1.37 billion—\$60 million more than BCIL paid Land for the entire portfolio late in 1986.

BCIL had already picked up \$245 million from the sale of Clovelly Court to Scilla, a mere six weeks after the original deal.

Then in April last year, Luginsland went for \$138 million, and a few months later Forrestdale and Stewart Terrace were sold for \$65 million.

The Land property deal is yet another example of the ability of the Perth tycoon to spot an opportunity to make money.

Despite brushes with the regulatory authorities in Hong Kong, and plenty of publicity, two years of low interest rates and rising prices in the property market have seen the profits pouring in for Mr Bond.

Mr Bond's early pronouncements of faith in Hong Kong were always treated with scepticism, and the intermittent sale of pieces of the Land portfolio were seen by his critics as evidence of a short-term outlook, not to mention a tight schedule of debt repayments that had to be met.

Recent moves by BCIL, such as a property deal in Italy and the acquisition of a stake in a Chilean telephone company, have fuelled suspicions that BCIL is no longer interested in Hong Kong.

Managing director Mr Peter Lucas scoffed at the idea. The company is left with a \$1.4 billion stake in TVB and a 50 per cent holding in the Bond Centre.

And there was no intention of selling these assets, Mr Lucas said, adding that the company may look for other investment opportunities in the territory.

He said Mr Bond still owns the mansion at No. 1 Barker Road, bought from the former Lebanese Consul in Hong Kong for \$23 million.

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